

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

**Sewer Revenue Bonds,
Series 2002 A (United States Department of Agriculture)
and Series 2002 B (West Virginia SRF Program)**

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SOUTH PUTNAM PUBLIC SERVICE DISTRICT

**SEWER REVENUE BONDS,
SERIES 2002 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)
AND SERIES 2002 B
(WEST VIRGINIA SRF PROGRAM)**

BOND RESOLUTION

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SOUTH PUTNAM PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY SOUTH PUTNAM PUBLIC SERVICE DISTRICT OF NOT MORE THAN \$7,078,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$1,422,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

Section 1.02. Findings. It is hereby found, determined and declared that:

A. South Putnam Public Service District (the "Issuer") is a public service district and public corporation and political subdivision of the State of West Virginia in Putnam County of said State.

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, improvements and betterments to the existing public sewerage system of the Issuer, consisting of extensions to the residents of Hollywood Drive and the Route 35/Interstate 64 interchange located in the Teays Valley area, to upgrade the Issuer's central interceptor system located in the Teays Valley area so as to provide additional excess capacity needed by the Issuer to meet the continual growth in the area, to provide sewer service to the new 200-acre Putnam Business Park and approximately 70 residences and businesses in that area as well as the Lock Nine area on the north side of the Kanawha River, development of a facilities plan with guidelines for the future development of the System and extensions to 50 additional customers in the Midway area of Putnam County, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, treatment, purification and disposal of liquid and solid waste, sewage and industrial waste (the existing public sewerage system of the Issuer, the Project and any further additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of Operating Expenses of the System, the principal of and interest on the Bonds (as hereinafter defined) and to make payments into all funds and accounts and other payments provided for herein.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than \$8,500,000 in two series, being the Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture), in the aggregate principal amount of not more than \$7,078,000 (the "Series 2002 A Bonds"), and the Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), in the aggregate principal amount of not more than \$1,422,000 (the "Series 2002 B Bonds"), to permanently finance the costs of acquisition and construction of the Project (collectively, the "Series 2002 Bonds"). The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2002 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in any Reserve Account (as hereinafter

defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2002 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2002 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System after completion of the Project is not less than 40 years.

F. It is in the best interests of the Issuer that its Series 2002 A Bonds be sold to the Purchaser (as hereinafter defined) pursuant to the terms and provisions of the Letter of Conditions (as hereinafter defined) and that its Series 2002 B Bonds be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement (the "Loan Agreement") by and between the Issuer and the Authority, on behalf of the West Virginia Department of Environmental Protection, State Revolving Fund Program (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP, approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2002 Bonds as to liens, pledge, source of and security for payment, being the Issuer's (i) Sewer Revenue Bonds, Series 1979, dated September 12, 1980, issued in the original aggregate principal amount of \$2,200,000 (the "Series 1979 Bonds"), (ii) Sewer Revenue Bonds, Series 1983, dated August 1, 1983, issued in the original aggregate principal amount of \$750,000 (the "Series 1983 Bonds"), and (iii) Sewer Revenue Bonds, Series 1995, dated May 2, 1995, issued in the original aggregate principal amount of \$1,300,000 (the "Series 1995 Bonds"), all held by the Purchaser (hereinafter defined). The Series 1979 Bonds, the Series 1983 Bonds and the Series 1995 Bonds are sometimes hereinafter collectively referred to as the "Prior Bonds."

The Series 2002 A Bonds and Series 2002 B Bonds shall be issued on a parity with each other and with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2002 A Bonds and Series 2002 B Bonds, the Issuer will obtain the written consent of the holder of the Prior Bonds to the issuance of the Series 2002 A Bonds and Series 2002 B Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or

obligations of the Issuer which are secured by revenue or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

H. The Issuer has complied with all requirements of West Virginia law, the Letter of Conditions and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2002 Bonds, or will have so complied prior to issuance of any thereof, including, the approval of the Project and the financing thereof by the DEP and the obtaining of a certificate of convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2002 Bonds or such final order will not be subject to appeal, including obtaining any additional approvals of the Public Service Commission as may be required by the final order.

I. The Project has been reviewed and determined to be technically and financially feasible by the West Virginia Infrastructure and Jobs Development Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2002 Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

"Act" means, collectively, Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2002 B Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the DEP under the Act.

"Authorized Officer" means the Chairman of the Governing Body of the Issuer, or any other temporary Chairman duly selected by the Governing Body.

"Bondholder," "Holder of the Bonds," "Holder," "Registered Owner" or any similar term whenever used herein with respect to an outstanding Bond or Bonds, means the person in whose name such Bond is registered.

"Bond Legislation," "Resolution," "Bond Resolution" or "Local Act" means this Bond Resolution and all orders and resolutions supplemental hereto or amendatory hereof.

"Bond Registrar" means the Issuer, the bank or other entity to be designated as such in this Bond Legislation or the Supplemental Resolution and its successors and assigns.

"Bonds" means, collectively, the Series 2002 A Bonds, the Series 2002 B Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

"Bond Year" means the 12-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

"Closing Date" means the date upon which there is an exchange of the Series 2002 A Bonds for all or a portion of the proceeds of the Series 2002 A Bonds from the Purchaser and an exchange of the Series 2002 B Bonds for all or a portion of the proceeds of the Series 2002 B Bonds from the Authority and the DEP.

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations.

"Commission" means the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia that succeeds to the functions of the Commission.

"Consulting Engineers" means Howard K. Bell Consulting Engineers, Inc., Lexington, Kentucky and Randolph Engineering Company, Inc., Scott Depot, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System, or portion thereof, in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or public corporation and political subdivisions.

"Costs" or "Costs of the Project" means those costs described in Section 1.02D hereof to be a part of the cost of acquisition and construction of the Project.

"DEP" means the West Virginia Department of Environmental Protection, or any other agency, board or department of the State that succeeds to the functions of the DEP.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

"FDIC" means the Federal Deposit Insurance Corporation and any successor to the functions of the FDIC.

"Fiscal Year" means each 12-month period beginning on July 1 and ending on the succeeding June 30.

"Governing Body" means the public service board of the Issuer, as it may now or hereafter be constituted.

"Government Obligations" means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

"Herein," "hereto" and similar words shall refer to this entire Bond Legislation.

"Independent Certified Public Accountants" means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Investment Property" means

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

"Issuer" means South Putnam Public Service District, a public service district and public corporation and political subdivision of the State of West Virginia, in Putnam County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated December 26, 2001, and all amendments thereto, providing for the purchase of the Series 2002 A Bonds from the Issuer by the Purchaser.

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2002 B Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2002 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the any Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2002 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means the balance of the Gross Revenues, remaining after deduction of Operating Expenses, as hereinafter defined.

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code, that is not a purpose investment.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other

than those capitalized as part of the costs, the SRF Administrative Fee, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding," when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond or Prior Bonds cancelled by the Bond Registrar or Registrar for the Prior Bonds, at or prior to said date; (ii) any Bond or Prior Bonds for the payment of which monies, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond or Prior Bonds deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders or holders of Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

"Parity Bonds" means additional Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent for the Series 2002 B Bonds by the Issuer in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Issuer's Series 1979 Bonds, Series 1983 Bonds and Series 1995 Bonds, as more particularly described in Section 1.02(G) hereof.

"Prior Resolutions" means, collectively, the resolutions of the Issuer, as supplemented, authorizing the Series 1979 Bonds, the Series 1983 Bonds and the Series 1995 Bonds, respectively.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that, use as a member of the general public shall not be taken into account.

"Project" means the Project as described in Section 1.02B hereof.

"Purchaser" or "Government" means the United States Department of Agriculture and any successor thereof acting for and on behalf of the United States of America, which is expected to be the original purchaser and Registered Owner of the Series 2002 A Bonds.

"Qualified Investments" means and includes any of the following:

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;
- (d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;
- (e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;
- (f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

(i) Obligations of States or public corporation and political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Rebate Fund" means the Rebate Fund established by Section 5.01 hereof.

"Registered Owner," "Bondholder," "Holder" or any similar term means whenever used herein with respect to an outstanding Bond or Bonds, the person in whose name such Bond is registered.

"Registrar" means the Bond Registrar.

"Regulations" means temporary and permanent regulations promulgated under the Code, or any predecessor thereto.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by the Prior Resolutions as the Depreciation Reserve and renamed and continued hereby.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2002 Bonds and the Prior Bonds.

"Reserve Requirements" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts.

"Revenue Fund" means the Revenue Fund established by the Prior Resolutions and continued hereby.

"Secretary" means the Secretary of the Governing Body of the Issuer.

"Series 2002 Bonds" means, collectively, the Series 2002 A Bonds and the Series 2002 B Bonds.

"Series 2002 Bonds Construction Trust Fund" means the Construction Trust Fund for the Series 2002 A Bonds and Series 2002 B Bonds established by Section 5.01 hereof.

"Series 2002 A Bonds" means the Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture), of the Issuer, authorized by this Resolution.

"Series 2002 A Bonds Reserve Account" means the Series 2002 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2002 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2002 A Bonds in the then current or any succeeding year.

"Series 2002 B Bonds" means the Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), of the Issuer, authorized by this Resolution .

"Series 2002 B Bonds Reserve Account" means the Series 2002 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2002 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2002 B Bonds in the then current or any succeeding year.

"Series 2002 B Bonds Sinking Fund" means the Series 2002 B Bonds Sinking Fund established by Section 5.02 hereof.

"SRF Administrative Fee" means any administrative fee required to be paid pursuant to the Loan Agreement.

"SRF Program" means the State's Water Pollution Control Revolving Fund Program, under which the Authority purchases the water pollution control revenue bonds of

local governmental entities satisfying certain legal and other requirements with the proceeds of a capitalization grant award from the United States Environmental Protection Agency and funds of the State.

"SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2002 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2002 Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds, including, without limitation, the Reserve Accounts and the Renewal and Replacement Fund.

"System" means the complete existing sewerage system of the Issuer and all sewerage facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the sewerage system; and shall include the Project and any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the sewerage system from any sources whatsoever, both within and without the Issuer.

"Tap Fees" means the fees, if any, paid by prospective customers of the System in order to connect thereto.

Additional terms and phrases are defined in this Resolution as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed \$8,500,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bonds shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Purchaser, the Authority and the DEP.

The cost of the Project is estimated not to exceed \$8,500,000, of which approximately \$7,078,000 will be obtained from proceeds of the Series 2002 A Bonds, and approximately \$1,422,000 will be obtained from proceeds of the Series 2002 B Bonds.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2002 Bonds, funding reserve accounts for the Series 2002 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2002 A Bonds and the Series 2002 B Bonds of the Issuer. The Series 2002 A Bonds shall be issued as a single bond, designated "Sewer Revenue Bond, Series 2002 A (United States Department of Agriculture)", in the principal amount of not more than \$7,078,000; and the Series 2002 B Bonds shall be issued as a single bond, designated "Sewer Revenue Bond, Series 2002 B (West Virginia SRF Program)", in the principal amount of not more than \$1,422,000, and each shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2002 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest on the Series 2002 Bonds, if any, shall be deposited in or credited to the Series 2002 Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. A. The Series 2002 A Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable monthly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Series 2002 A Bond.

B. The Series 2002 B Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2002 B Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2002 B Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2002 A Bonds shall initially be issued in the form of a single bond, fully registered to the Purchaser, with a record of advances attached representing the aggregate principal amount of the Series 2002 A Bonds and the Series 2002 B Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2002 B Bonds. The Series 2002 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that neither the Purchaser nor the Authority shall be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form, in such denominations, dated such dates and bear interest at such rates as determined by a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2002 Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2002 Bonds shall cease to be such officer of the Issuer before the Series 2002 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Bond Registrar; Authentication and Registration. A. The Issuer shall be the Bond Registrar with respect to the Series 2002 A Bonds and will keep or cause to be kept at its office by its agent, sufficient books for the registration and transfer of the Series 2002 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2002 A Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2002 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2002 A Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each

trust and the name of the trustee of each trust, and/or such other identifying number and information as may be required by law. The Series 2002 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2002 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

B. The Bond Registrar with respect to the Series 2002 B Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2002 B Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Series 2002 B Bonds shall be conclusive evidence that such Series 2002 B Bonds has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2002 B Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2002 B Bonds issued hereunder. The provisions of this Section 3.04 relating to authentication shall not apply to the Series 2002 A Bonds, notwithstanding anything herein to the contrary.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2002 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2002 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2002 Bonds remain outstanding, the Bond Registrar for the Series 2002 Bonds shall keep and maintain books for the registration and transfer of such Bonds.

The registered Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Bonds or transferring the registered Bonds are exercised, all Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2002 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2002 Bonds shall not, in any event, be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2002 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2002 Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of all Series 2002 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. A. With respect to the Series 2002 A Bonds, the Chairman is hereby authorized and directed to cause such Bonds, hereby awarded to the Purchaser pursuant to the Letter of Conditions, as amended, to be delivered to the Purchaser on the date of delivery of the Series 2002 B Bonds.

B. The Issuer shall execute and deliver the Series 2002 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2002 B Bonds to the original purchasers upon receipt of the documents set forth below:

(1) If other than the Authority, a list of the names in which the Series 2002 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

(2) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2002 B Bonds to the original purchasers;

(3) An executed and certified copy of the Bond Legislation;

(4) An executed copy of the Loan Agreement; and

(5) The unqualified approving opinion of bond counsel on the Series 2002 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 2002 A Bonds and the Series 2002 B Bonds shall be in substantially the following respective forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2002 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SOUTH PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1

Date: March 7, 2002

FOR VALUE RECEIVED, the SOUTH PUTNAM PUBLIC SERVICE DISTRICT (the "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of SEVEN MILLION SEVENTY-EIGHT THOUSAND DOLLARS (\$7,078,000), plus interest on the unpaid principal balance at the rate of 5.0% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of this Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$34,470, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of acquisition and construction of improvements and extensions to the existing public sewerage system (the "System") of the Borrower, is payable solely from the net revenues to be derived from the operation of the System in the manner provided in the hereinafter defined Resolution. This Bond does not in any manner constitute a corporate indebtedness of Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted on March 5, 2002, and a Supplemental Resolution of the Borrower duly adopted on March 5, 2002, authorizing issuance of this Bond (collectively, the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1979, DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,200,000, (2) SEWER REVENUE BONDS, SERIES 1983, DATED AUGUST 1, 1983, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$750,000, (3) SEWER REVENUE BONDS, SERIES 1995, DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,300,000, AND (4) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,422,000.

IN WITNESS WHEREOF, the SOUTH PUTNAM PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman
(Title of Executive Official)

Post Office Box 147
(P.O. Box No. or Street Address)

Scott Depot, West Virginia 25560
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary
(Title of Attesting Official)

RECORD OF ADVANCES

AMOUNT		DATE		AMOUNT		DATE	
(1)	\$			(19)	\$		
(2)	\$			(20)	\$		
(3)	\$			(21)	\$		
(4)	\$			(22)	\$		
(5)	\$			(23)	\$		
(6)	\$			(24)	\$		
(7)	\$			(25)	\$		
(8)	\$			(26)	\$		
(9)	\$			(27)	\$		
(10)	\$			(28)	\$		
(11)	\$			(29)	\$		
(12)	\$			(30)	\$		
(13)	\$			(31)	\$		
(14)	\$			(32)	\$		
(15)	\$			(33)	\$		
(16)	\$			(34)	\$		
(17)	\$			(35)	\$		
(18)	\$			(36)	\$		

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to____

the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond on the books kept for
registration of the within Bond of the said Borrower with full power of substitution in the
premises.

Dated: _____, _____.

In presence of:

(FORM OF SERIES 2002 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SOUTH PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002 B
(WEST VIRGINIA SRF PROGRAM)

No. BR-1

\$1,422,000

KNOW ALL MEN BY THESE PRESENTS: That the SOUTH PUTNAM PUBLIC SERVICE DISTRICT, a public service district and public corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE MILLION FOUR HUNDRED TWENTY TWO THOUSAND DOLLARS (\$1,422,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200__, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20__, at the rate per annum as set forth in Exhibit B attached hereto. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200__, as set forth on EXHIBIT B attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Branch Banking and Trust Company, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the next month preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia

Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the DEP, dated _____, 2002.

This Bond is issued (i) to pay the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on March 5, 2002, and a Supplemental Resolution duly adopted by the Issuer on March 5, 2002 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1979, DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,200,000 (THE "SERIES 1979 BONDS"), (2) SEWER REVENUE BONDS, SERIES 1983, DATED AUGUST 1, 1983, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$750,000 (THE "SERIES 1983 SERIES"), (3) SEWER REVENUE BONDS, SERIES 1995, DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,300,000 (THE "SERIES 1995 BONDS"), AND (4) SEWER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 7, 2002, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$7,078,000 (THE "SERIES 2002 A BONDS"). THE SERIES 1979 BONDS, THE SERIES 1983 BONDS AND THE SERIES 1995 BONDS ARE COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 2002 A Bonds, the Prior Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2002 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the

Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2002 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2002 A Bonds and the Prior Bonds; provided that, so long as the Prior Bonds and the Series 2002 A Bonds are no longer outstanding and in the event there exists in the Series 2002 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of Branch Banking and Trust Company, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the SOUTH PUTNAM PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman, and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated March 7, 2002.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: March 7, 2002.

BRANCH BANKING AND TRUST COMPANY,
as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT		DATE		AMOUNT		DATE	
(1)	\$			(19)	\$		
(2)	\$			(20)	\$		
(3)	\$			(21)	\$		
(4)	\$			(22)	\$		
(5)	\$			(23)	\$		
(6)	\$			(24)	\$		
(7)	\$			(25)	\$		
(8)	\$			(26)	\$		
(9)	\$			(27)	\$		
(10)	\$			(28)	\$		
(11)	\$			(29)	\$		
(12)	\$			(30)	\$		
(13)	\$			(31)	\$		
(14)	\$			(32)	\$		
(15)	\$			(33)	\$		
(16)	\$			(34)	\$		
(17)	\$			(35)	\$		
(18)	\$			(36)	\$		

TOTAL \$ _____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond
on the books kept for registration of the within Bond of the said Issuer with full power of
substitution in the premises.

Dated: _____, _____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. A. The Series 2002 A Bonds shall be sold to the Purchaser, pursuant to the terms and conditions of the Letter of Conditions. The Letter of Conditions, including all attachments, are hereby approved and incorporated into this Bond Legislation.

B. The Series 2002 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. Filing of Amended Schedule. Within 60 days following the Completion Date, the Issuer will file with the Authority and the DEP a schedule the form of the which will be provided by the DEP, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank.

The following special funds or accounts are hereby created (or continued if previously established by Prior Resolutions) with and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

- (1) Revenue Fund (established by the Prior Resolutions);
- (2) Renewal and Replacement Fund (resulting from the combination with the Depreciation Reserve established by the Prior Resolutions);
- (3) Series 2002 Bonds Construction Trust Fund; and
- (4) Rebate Fund.

Section 5.02. Establishment of Funds and Accounts with Commission.

The following special funds or accounts are hereby created with and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

- (1) Series 2002 A Bonds Reserve Account;
- (2) Series 2002 B Bonds Sinking Fund; and
- (3) Series 2002 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds.

A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

- (1) The Issuer shall first, each month, pay from the Revenue Fund the Operating Expenses of the System.

(2) The Issuer shall next, each month, transfer from the Revenue Fund and (i) on or before the due date of payment of each installment on the Prior Bonds, remit to the National Finance Office the amounts required by the Prior Resolutions to pay the interest on the Prior Bonds; (ii) remit to the National Finance Office, beginning on April 7, 2002 and continuing on the 7th day of each month thereafter, the amount required to pay the interest on the Series 2002 A Bonds; and (iii) on the first day of each month, commencing 3 months prior to the first date of payment of interest on the Series 2002 B Bonds, remit to the Commission for deposit in the Series 2002 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2002 B Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2002 B Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, each month, transfer from the Revenue Fund and (i) on or before the due date of payment of each installment on the Prior Bonds, remit to the National Finance Office the amounts required by the Prior Resolutions to pay the principal of the Prior Bonds; (ii) remit to the National Finance Office, beginning March 7, 2004 and continuing on the 7th day of each month thereafter, the amount required to pay the principal of the Series 2002 A Bonds; and (iii) on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 2002 B Bonds, remit to the Commission for deposit in the Series 2002 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2002 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2002 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and (i) remit to the Depository Bank, the amounts required by the Prior Resolutions to be deposited in the respective Reserve Accounts for the Prior Bonds, (ii) remit to the Commission, commencing 3 months after the completion of construction of the Project, as certified by the Consulting Engineers, if not fully funded upon issuance of the Series 2002 A Bonds, for deposit in the Series 2002 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2002 A Bonds Reserve Requirement until the amount in the Series 2002 A Bonds Reserve Account equals the Series 2002 A Bonds

Reserve Requirement; provided that, no further payments shall be made into the Series 2002 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2002 A Bonds Reserve Requirement; and (iii) remit to the Commission, commencing 3 months after the completion of construction of the Project, as certified by the Consulting Engineers, if not fully funded upon issuance of the Series 2002 B Bonds, for deposit in the Series 2002 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2002 B Bonds Reserve Requirement, until the amount in the Series 2002 B Bonds Reserve Account equals the Series 2002 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2002 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2002 B Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account; provided, that, as long as the Prior Bonds remain outstanding, the Issuer must accumulate in the Renewal and Replacement Fund the aggregate sum of \$200,000 and maintain such sum therein and shall use the monies therein as provided by the Prior Resolution, except that any deficiencies in the debt service payments on the Series 2002 A Bonds and Series 2002 B Bonds shall be payable from the Renewal and Replacement Fund on a parity with the Prior Bonds. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Accounts (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) After all the foregoing provisions for use of monies in the Revenue Fund have been fully complied with, any monies remaining therein and not permitted to be retained therein may be used to prepay installments of the Bonds, pro rata, or for any lawful purpose of the System.

Monies in the Series 2002 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2002 A Bonds as the same shall come due, when other monies are insufficient therefor, and for no other purpose, except for

transfers to the Rebate Fund permitted hereunder. Whenever the monies in the Series 2002 A Bonds Reserve Account shall be sufficient to prepay the Series 2002 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay, at the earliest practical date and in accordance with applicable provisions hereof, the Series 2002 A Bonds accrued interest thereon to such prepayment date.

Monies in the Series 2002 B Bonds Sinking Fund shall be used only for the purpose of paying principal of and interest on the Series 2002 B Bonds as the same shall become due. Monies in the Series 2002 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2002 B Bonds as the same shall come due, when other monies in the Series 2002 B Bonds Sinking Fund are insufficient therefor, and for no other purpose, except for transfers to the Rebate Fund permitted hereunder. Whenever the monies in the Series 2002 B Bonds Reserve Account shall be sufficient to prepay the Series 2002 B Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay, at the earliest practical date and in accordance with applicable provisions hereof, the Series 2002 B Bonds and accrued interest thereon to such prepayment date.

Except to the extent transferred to the Rebate Fund, all investment earnings on monies in the Series 2002 A Bonds Reserve Account (if fully funded), the Series 2002 B Bonds Sinking Fund and the Series 2002 B Bonds Reserve Account (if fully funded) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2002 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2002 A Bonds and the Series 2002 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2002 A Bonds Reserve Account or the Series 2002 B Bonds Reserve Account which result in a reduction in the balance of such accounts to below the Series 2002 A Bonds Reserve Requirement or the Series 2002 B Bonds Reserve Requirement, respectively, shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2002 A Bonds Reserve Account or the Series 2002 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of

the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2002 A Bonds, the Series 2002 B Bonds and the Prior Bonds in accordance with the respective principal amounts then Outstanding.

The Issuer may designate another bank or trust company insured by FDIC as Depository Bank if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser, the DEP and the Authority.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2002 A Bonds Reserve Account, the Series 2002 B Bonds Sinking Fund and the Series 2002 B Bonds Reserve Account created hereunder, and all amounts required for such funds shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Purchaser, the Authority or the DEP at any time, the Issuer shall make the necessary arrangements whereby required payments into the said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Renewal and Replacement Fund as herein provided, and all amounts required for the Renewal and Replacement Fund will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written instructions stating the amount remitted for deposit into each such fund.

Monies in the Series 2002 A Bonds Reserve Account, the Series 2002 B Bonds Sinking Fund and the Series 2002 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2002 A Bonds Reserve Account, the Series 2002 B Bonds Sinking Fund and the Series 2002 B Bonds Reserve Account (except with respect to transfers to the Rebate Fund), shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2002 A Bonds and the Series 2002 B Bonds, respectively, under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) remit to the Commission the required principal, interest and reserve account payments and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof

consistent with the provisions of this Bond Legislation. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the SRF Administrative Fee as set forth in the Loan Agreement.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement and submit a copy of said form, together with a copy of its payment check to the Authority by the 5th day of such calendar month.

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges, fees and expenses then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by either the Authority or the DEP at any time, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

F. The monies in excess of the sum insured by the maximum amounts insured by FDIC in any fund or account shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as herein above provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

H. All remittances made by the Issuer to the Commission or the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

I. The Gross Revenues of the System shall only be used for purposes of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2002 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2002 A Bonds, there shall be deposited with the Commission in the Series 2002 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2002 A Bonds Reserve Account.

B. From the proceeds of the Series 2002 B Bonds, there shall be deposited with the Commission in the Series 2002 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2002 B Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2002 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2002 Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2002 A Bonds.

D. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2002 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2002 Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2002 B Bonds.

E. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2002 A Bonds shall be expended as directed by the Purchaser and any remaining proceeds of the Series 2002 B Bonds shall be expended as directed by the DEP.

Section 6.02. Disbursements From the Bond Construction Trust Fund.

A. Monies in the Series 2002 Bonds Construction Trust Fund shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will transfer from the Series 2002 Bonds Construction Trust Fund and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly

installment payments on the Series 2002 A Bonds if there are not sufficient Net Revenues to make such monthly payment.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Series 2002 Bonds Construction Trust Fund shall be disposed of in accordance with the regulations of the Purchaser.

B. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2002 B Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2002 Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement, in compliance with the construction schedule and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

(A) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

(B) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

(C) Each of such costs has been otherwise properly incurred; and

(D) Payment for each of the items proposed is then due and owing.

Pending such application, monies in the Series 2002 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2002 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2002 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2002 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2002 Bonds shall not be nor constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2002 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of all the Series 2002 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with lien on the Net Revenues in favor of the holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2002 Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Commission Order of the Public Service Commission of West Virginia entered February 25, 2002, in Case No. 01-0597-PSD-CN, and such rates are hereby adopted, which rates are incorporated herein by reference as a part hereof.

So long as the Prior Bonds and Series 2002 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System

and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2002 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds and Series 2002 Bonds are outstanding and except as otherwise required by law or with the written consent of the Purchaser, the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2002 A Bonds, immediately be remitted to the National Finance Office, and with respect to the Series 2002 B Bonds, immediately be remitted to the Commission for deposit in the Series 2002 B Bonds Sinking Fund, and, with the written consent of the Purchaser, the Authority and the DEP, the Issuer shall direct the National Finance Office and the Commission to apply such proceeds to the payment of principal of and interest on the Series 2002 Bonds. Any balance remaining after the payment of all the Series 2002 Bonds and interest thereon shall be remitted to the Issuer unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, in writing, determine upon consultation with a professional engineer that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and

Replacement Fund. Payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such fund by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Purchaser, the Authority and the DEP prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants for the System, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2002 Bonds pursuant to this Bond Legislation, without the prior written consent of the Purchaser, the Authority and the DEP and without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2002 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of additions extensions, improvements or betterments to the System or refunding any outstanding Bonds, or both such purposes.

So long as the Prior Bonds and the Series 2002 A Bonds are outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

- (1) The Bonds Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and
- (3) The Parity Bonds than proposed to be issued.

The foregoing limitation may be waived or modified by the written consent of the Holders of the Prior Bonds and the Series 2002 B Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Prior Bonds and the Series 2002 A Bonds are no longer outstanding, the following parity requirement shall be met:

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

- (1) The Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates adopted by the Issuer, the time for appeal of which shall have expired prior to the issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period herein above referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the time for appeal of which shall have expired prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. All Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2002 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2002 Bonds.

No Parity Bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of the Parity Bonds, and the Issuer then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring,

constructing and installing the Project. The Issuer shall permit the Purchaser, the Authority and the DEP or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Purchaser, the Authority and the DEP such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Purchaser, the Authority and the DEP or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Purchaser, the DEP and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of the Bonds, requesting the same, an annual report containing the following:

(A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the status of all said funds and accounts.

(C) The amount of any Bonds, notes or other obligations payable from the revenues of the System outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2002 Bonds and shall submit said report to the Purchaser, the Authority and the DEP, or any other original purchaser of the Series 2002 Bonds. Such audit report submitted to the Purchaser, the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Loan Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit E of the Loan Agreement or as promulgated from time to time.

The Issuer shall permit the Purchaser, the Authority and the DEP, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the Purchaser, the Authority and the DEP, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority, the DEP and the Purchaser with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2002 Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and

continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2002 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002 Bonds, including the Prior Bonds; provided that, so long as the Prior Bonds and the Series 2002 A Bonds are no longer outstanding, and in the event that an amount equal to or in excess of the reserve requirement is on deposit respectively in the Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2002 B Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2002 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002 B Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services described in Section 7.04 hereof.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Purchaser, the Authority and the DEP within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance within 30 days of adoption to the Purchaser, the Authority and the DEP, or to any Holder of the Bonds, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Purchaser, the DEP, the Authority and any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the

Loan Agreement and forward a copy of such report to the Authority and the DEP by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Purchaser, the Authority and the DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Purchaser, the Authority and the DEP is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Purchaser, the Authority and the DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Purchaser, the Authority, the DEP and the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Loan Agreement, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed. The Issuer shall at all times provide operation and maintenance of the System in compliance with all State and federal standards.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 50% completion stage.

Section 7.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System, and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the waterworks facilities are not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the

System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Purchaser, the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than \$500,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than \$500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(4) FLOOD INSURANCE, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

(5) BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

(6) FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction.

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the DEP and the Issuer shall verify such insurance prior to commencement of construction. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or

building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.17. Completion of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance with Letter of Conditions, Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Letter of Conditions, the Loan Agreement, the Act and this Bond Legislation. The Issuer shall also comply with all applicable laws, rules and regulations issued by the Purchaser, the Authority and the DEP, or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System. The Issuer shall provide the DEP with copies of all documents submitted to the Purchaser and the Authority.

Section 7.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (I) not in excess of 10% of the Net Proceeds of the Series 2002 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2002 Bonds during the term thereof is, under the terms of the Series 2002 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net

Proceeds of the Series 2002 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2002 Bonds during the term thereof is, under the terms of the Series 2002 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2002 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2002 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2002 Bonds or \$5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2002 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2002 Bonds and the interest thereon including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2002 Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.20. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.21. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2002 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2002 Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2002 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Purchaser and the DEP for written approval. The Issuer shall obtain the written approval of the Purchaser and the DEP before expending any proceeds of the Series 2002 Bonds held in "contingency" as set forth in the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Purchaser and the DEP before expending any proceeds of the Series 2002 Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding as being provided by the Purchaser, the Authority and the DEP in any press release, publication, program, bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS; NON-ARBITRAGE

Section 8.01. Investments. Any monies held as a part of the funds and accounts created by this Bond Legislation other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such monies for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this section through its own investment or trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year (or more often if reasonably requested by the Issuer), a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2002 Bonds which would cause the Series 2002 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2002 Bonds) so that the interest on the Series 2002 Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2002 B Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2002 B Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and shall be used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay the required rebate amount, any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from

the Internal Revenue Service, if necessary, and take any other actions necessary, in order to maintain the exclusion of interest on the Series 2002 B Bonds from gross income for federal income tax purposes.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 2002 B Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority including information with respect to earnings on all funds constituting "gross proceeds" of the Series 2002 B Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2002 Bonds:

- (1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any series of the Series 2002 Bonds; or
- (2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2002 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2002 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond;
- (3) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or
- (4) If default occurs with respect to the Prior Bonds or the Prior Resolutions.

Notwithstanding anything herein to the contrary, if default occurs in the due and punctual payment of the principal of or interest on any series of the Series 2002 Bonds or the Prior Bonds, it shall constitute an "Event of Default" with respect to the other series of the Series 2002 Bonds.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in

violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2002 A Bonds and the Series 2002 B Bonds shall be on a parity with each other and the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2002 Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2002 Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied; except as may otherwise be necessary to assure the exclusion of interest on the Series 2002 Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2002 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2002 Bonds, no material modification or amendment of this Resolution, or of any resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2002 Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2002 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Series 2002 Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2002 Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution or the Series 2002 Bonds.

Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Conflicting Provisions Repealed; Prior Resolutions. All orders or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, this Section shall not be

applicable to the Loan Agreement or the Loan Resolution (Form FmHA 442-47); and provided that in the event of any conflict between this Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Resolutions or any portion thereof are Outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, the Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

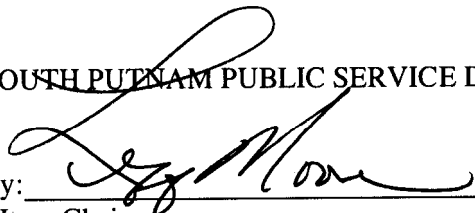
Section 11.07. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a Certificate of Public Convenience and Necessity and adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation in each municipality in South Putnam Public Service District and within the boundaries of the District, a Class II legal advertisement stating:

- (a) The maximum amount of the Series 2002 Bonds to be issued;
- (b) The maximum interest rate and terms of the Series 2002 Bonds authorized hereby;
- (c) The public service properties to be acquired or constructed and the cost of the same;
- (d) The maximum anticipated rates which will be charged by the Issuer; and
- (e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the Public Service Commission of West Virginia.

Section 11.08. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 5th day of March, 2002.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

By: 
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board
of the SOUTH PUTNAM PUBLIC SERVICE DISTRICT on the 5th day of March, 2002.

Dated: March 7, 2002.

[SEAL]


Secretary

03/04/02
847280.00001

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002 A
(United States Department of Agriculture) and
Sewer Revenue Bonds, Series 2002 B
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), OF THE SOUTH PUTNAM PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE SERIES 2002 B BONDS; AUTHORIZING AND APPROVING THE SALE OF THE SERIES 2002 A BONDS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE AND THE SERIES 2002 B BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of the South Putnam Public Service District (the "Issuer") has duly and officially adopted a bond resolution on March 5, 2002 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE SOUTH PUTNAM PUBLIC SERVICE DISTRICT OF NOT MORE

THAN \$7,078,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$1,422,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Resolution when used herein;

WHEREAS, the Bond Resolution provides for the issuance of Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture) and Series 2002 B (West Virginia SRF Program Fund), of the Issuer (collectively, the "Bonds" and individually, the "Series 2002 A Bonds" and the "Series 2002 B Bonds"), in the respective aggregate principal amounts not to exceed \$7,078,000 and \$1,422,000, and has authorized the execution and delivery of the Loan Agreement relating to the Series 2002 B Bonds, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13A, and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

WHEREAS, the Series 2002 A Bonds are proposed to be purchased by the United States Department of Agriculture, acting for and on behalf of the United States of America (the "Purchaser") pursuant to a Letter of Conditions, and all amendments, and the

Series 2002 B Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates, the sale prices and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE SOUTH PUTNAM PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer:

A. Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture), of the Issuer, originally represented by a single Bond, numbered AR-1 in the principal amount of \$7,078,000. The Series 2002 A Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of 5.0% per annum, interest only payable in monthly installments for the first 24 months commencing 30 days following delivery of the Series 2002 A Bonds and continuing on the corresponding day of each month and, thereafter, principal and interest are payable in monthly installments of \$34,470 on the corresponding day of each month, except that the final installment shall be paid at the end of forty years from the date of the Series 2002 A Bonds, in the sum of the unpaid principal and interest due on the date thereof, except that prepayments may be made as hereinafter provided and as provided in the Series 2002 A Bonds, all such payments to be made at the National Finance Office, St. Louis, Missouri 63103, or at such other place as the Purchaser may designate after issuance of the Series 2002 A Bonds. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer.

B. Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$1,422,000. The Series 2002 B Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2023, and shall bear interest at the rate of two percent (2%) per annum. The principal of and interest on Series 2002 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2003, and maturing June 1, 2023, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2002 B Bonds. The Series 2002 B Bonds shall be subject to redemption upon the

written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2002 B Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1% of the principal amount of the Series 2002 Bonds set forth in the "Schedule Y" attached to the Loan Agreement.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Bond Resolution.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the Board and the Authority. The Issuer does hereby authorize, approve and accept the Letter of Conditions, and all amendments thereto, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued on the Series 2002 B Bonds, provided that the proceeds of the Series 2002 A Bonds and the Series 2002 B Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate Branch Banking and Trust Company, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2002 B Bonds under the Bond Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2002 B Bonds under the Bond Resolution.

Section 6. The Issuer does hereby appoint and designate Putnam County Bank, Hurricane, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 7. All proceeds of the Series 2002 A Bonds shall be deposited in or credited to the Series 2002 Bonds Construction Trust Fund as received from the Purchaser from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Series 2002 A Bonds.

Section 8. Series 2002 B Bonds proceeds in the amount of -0- shall be deposited in the Series 2002 B Bonds Sinking Fund, as capitalized interest.

Section 9. Series 2002 B Bonds proceeds in the amount of -0- shall be deposited in the Series 2002 B Bonds Reserve Account.

Section 10. The balance of the proceeds of the Series 2002 B Bonds shall be deposited in or credited to the Series 2002 Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 11. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Series 2002 A Bonds may be delivered on or about March 7, 2002, to the Purchaser pursuant to the Letter of Conditions, and the Series 2002 B Bonds may be delivered on or about March 7, 2002, to the Authority pursuant to the Loan Agreement.

Section 12. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, subject to any limitation of the Purchaser with respect of the proceeds of the Bonds, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Monies in the Series 2002 A Bonds Reserve Account, the Series 2002 B Bonds Sinking Fund and the Series 2002 B Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. The Issuer shall not permit at any time or times any of the proceeds of the Series 2002 B Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Series 2002 B Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Series 2002 B Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

Section 15. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 16. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 5th day of March, 2002.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

By: 

Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the South Putnam Public Service District on this 5th day of March, 2002.

Dated: March 7, 2002.

[SEAL]


Secretary

03/04/02
847280.00001

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE

OF THE

South Putnam Public Service District

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the

South Putnam Public Service District

(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

SEVEN MILLION SEVENTY-EIGHT THOUSAND AND XX / 100

pursuant to the provisions of _____; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed \$ \$ 0.00

under the terms offered by the Government; that the _____

and _____ of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

The vote was: Yeas 2 Nays 0 Absent 1

IN WITNESS WHEREOF, the _____ of the

South Putnam Public Service District has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 9th day of January, 2002

South Putnam Public Service District

(SEAL)

By

Leff Moore
Leff Moore, Board Chairman

Title

Chairman

Attest:

[Signature]
Title PSD Board Secretary

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Chairman of the South Putnam Public Service District

hereby certify that the Board of such Association is composed of

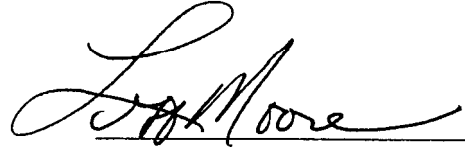
3 members, of whom 2 constituting a quorum, were present at a meeting thereof duly called and

held on the 9th day of January, 2002; and that the foregoing resolution was adopted at such meeting

by the vote shown above, I further certify that as of March 7, 2002,

the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this 7th day of March, 2002



Title PSD Chairman

SRF-LP-1
(6/25/01)

LOAN AGREEMENT

THIS WATER POLLUTION CONTROL REVOLVING FUND LOAN AGREEMENT (the "Loan Agreement"), made and entered into in several counterparts, by and among the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), the WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION (the "DEP"), and the local government designated below (the "Local Government").

SOUTH PUTNAM PUBLIC SERVICE DISTRICT
(Local Government)

W I T N E S S E T H:

WHEREAS, the United States Congress under Title VI of the federal Clean Water Act, as amended (the "Clean Water Act"), has provided for capitalization grants to be awarded to states for the express purpose of establishing and maintaining state water pollution control revolving funds for the planning, design, construction, acquisition and/or improvement of wastewater treatment facilities;

WHEREAS, pursuant to the provisions of Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a state water pollution control revolving fund program (the "Program") to direct the distribution of loans to particular local governments pursuant to the Clean Water Act;

WHEREAS, under the Act the DEP is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection Agency ("EPA") to accept capitalization grant awards (U.S. General Services Administration; Catalog of Federal Domestic Assistance, 32nd Edition § 66.458 (1998)) and DEP has been awarded capitalization grants to partially fund the Program;

WHEREAS, under the Act and under the direction of DEP, the Authority has established a permanent perpetual fund known as the "West Virginia Water Pollution Control Revolving Fund" (hereinafter the "Fund");

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to make loans from the Fund to local governments for the acquisition or construction of wastewater treatment projects by such local governments, all subject to such provisions and limitations as are contained in the Clean Water Act and the Act;

WHEREAS, the Local Government constitutes a local government as defined by the Act;

WHEREAS, the Local Government is included on the DEP State Project Priority List and the Intended Use Plan and has met DEP's pre-application requirements for the Program;

WHEREAS, the Local Government is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a wastewater treatment project and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Local Government;

WHEREAS, the Local Government intends to construct, is constructing or has constructed such a wastewater treatment project at the location and as more particularly described and set forth in the Application, as hereinafter defined (the "Project");

WHEREAS, the Local Government has completed and filed with the Authority and DEP an Application for a Loan with attachments and exhibits and an Amended Application for a Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

WHEREAS, having reviewed the Application and the Fund having available sufficient funds therefor, the Authority and DEP are willing to lend the Local Government the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Local Government with moneys held in the Fund, subject to the Local Government's satisfaction of certain legal and other requirements of the Program.

NOW, THEREFORE, in consideration of the premises and the mutual

agreements hereinafter contained, the Local Government, DEP and the Authority hereby agree as follows:

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "cost," "fund," "local government," and "project" have the definitions and meanings ascribed to them in the Act or in the SRF Regulations.

1.2 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any successor thereto.

1.3 "Loan" means the loan to be made by the Authority and DEP to the Local Government through the purchase of Local Bonds, as hereinafter defined, pursuant to this Loan Agreement.

1.4 "Local Act" means the official action of the Local Government required by Section 4.1 hereof, authorizing the Local Bonds.

1.5 "Local Bonds" means the revenue bonds to be issued by the Local Government pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority with money held in the Fund, all in accordance with the provisions of this Loan Agreement.

1.6 "Local Statute" means the specific provisions of the Code of West Virginia, 1931, as amended, pursuant to which the Local Bonds are issued.

1.7 "Operating Expenses" means the reasonable, proper and necessary costs of operation and maintenance of the System, as hereinafter defined, as should normally and regularly be included as such under generally accepted accounting principles.

1.8 "Program" means the wastewater treatment facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Clean Water Act and administered by DEP.

1.9 "Project" means the wastewater treatment facility project hereinabove referred to, to be constructed or being constructed by the Local Government in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Local Government in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

1.10 "SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

1.11 "System" means the wastewater treatment facility owned by the Local Government, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

1.12 Additional terms and phrases are defined in this Loan Agreement as they are used.

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with plans, specifications and designs prepared for the Local Government by the Consulting Engineers, the DEP and Authority having found, to the extent applicable, that the Project is consistent with the applicable provisions of the Program.

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and the Local Act, the Local Government has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Local Government by the Consulting Engineers.

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Local Government, subject to any mortgage lien or other

security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property is approved by DEP and the Authority.

2.4 The Local Government agrees that the Authority and DEP and their respective duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Local Government further agrees that the Authority and DEP and their respective duly authorized agents shall, prior to, at and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and DEP with respect to the System pursuant to the pertinent provisions of the Act.

2.5 The Local Government shall keep complete and accurate records of the cost of acquiring the Project site and the costs of constructing, acquiring and installing the Project. The Local Government shall permit the Authority and DEP, acting by and through their Directors or duly authorized agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at any and all reasonable times for the purpose of audit and examination, and the Local Government shall submit to the Authority and DEP such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project, the operation and maintenance of the System and the administration of the Loan or of any State and federal grants or other sources of financing for the Project.

2.6 The Local Government agrees that it will permit the Authority and DEP and their respective agents to have access to the records of the Local Government pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof or if the Project is an improvement to an existing system at any reasonable time following commencement of construction.

2.7 The Local Government shall require that each construction contractor furnish a performance bond and a payment bond, each in an amount at least equal to one hundred percent (100%) of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract and shall verify or have verified such bonds prior to commencement of construction.

2.8 The Local Government shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and DEP and shall verify or have verified such insurance prior to commencement of construction. Until the Project

facilities are completed and accepted by the Local Government, the Local Government or (at the option of the Local Government) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Local Government, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Local Government on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Government must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Local Government shall provide and maintain competent and adequate engineering services satisfactory to the Authority and DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, DEP and the Local Government at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Local Government shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Local Government shall notify DEP in writing of such receipt. The Local Government shall submit a Performance Certificate, the form of which is attached hereto as Exhibit A, and being incorporated herein by reference, to DEP within 60 days of the end of the first year after the Project is completed.

2.10 The Local Government shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Government shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator(s) to operate the System during the entire term of this Loan Agreement. The Local Government shall notify DEP in writing of the certified operator employed at the 50% completion stage.

2.11 The Local Government hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the Authority, DEP or other State, federal

or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

2.12 The Local Government, commencing on the date contracts are executed for the construction of the Project and for two years following the completion of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit B and incorporated herein by reference, and forward a copy by the 10th of each month to DEP.

2.13 The Local Government, during construction of the Project, shall complete Payment Requisition Forms, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward such forms to DEP in compliance with the Local Government's construction schedule.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

3.1 The agreement of the Authority and DEP to make the Loan is subject to the Local Government's fulfillment, to the satisfaction of the Authority and DEP, of each and all of those certain conditions precedent on or before the delivery date for the Local Bonds, which shall be the date established pursuant to Section 3.4 hereof. Said conditions precedent are as follows:

(a) The Local Government shall have delivered to the Authority and DEP a report listing the specific purposes for which the proceeds of the Loan will be expended and the procedures as to the disbursement of loan proceeds, including an estimated monthly draw schedule;

(b) The Local Government shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

(c) The Local Government shall have authorized the issuance of and delivery to the Authority of the Local Bonds described in this Article III and in Article IV hereof;

(d) The Local Government shall either have received bids or entered into contracts for the construction of the Project, which are in an amount and otherwise compatible with the plan of financing described in the Application; provided that, if the Loan

will refund an interim construction financing, the Local Government must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority and DEP shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit D;

(e) The Local Government shall have obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, and the Authority and DEP shall have received a certificate of the Consulting Engineers to such effect;

(f) The Local Government shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the West Virginia Infrastructure and Jobs Development Council necessary for the construction of the Project and operation of the System, with all requisite appeal periods having expired without successful appeal and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

(g) The Local Government shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

(h) The Local Government shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), with all requisite appeal periods having expired without successful appeal, and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

(i) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof, and the Authority and DEP shall have received a certificate of the accountant for the Local Government, or such other person or firm experienced in the finances of local governments and satisfactory to the Authority and DEP, to such effect; and

(j) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited on a date certain) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority and DEP shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of wastewater treatment projects and satisfactory to the Authority and DEP, to such effect, such certificate to be in form and substance satisfactory to the Authority and DEP, and evidence satisfactory to the Authority and DEP of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority and DEP, including the SRF Regulations, or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Local Government and the Local Government shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Local Government shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

3.3 The Loan shall be secured and shall be repaid in the manner hereinafter provided in this Loan Agreement.

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Local Government by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority, DEP and the Local Government. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority or such later date as is agreed to in writing by DEP.

3.5 The Local Government understands and acknowledges that it is one of several local governments which have applied to the Authority and DEP for loans from the Fund to finance wastewater treatment projects and that the obligation of the Authority to make any such loan is subject to the Local Government's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the

requirements of the Program. The Local Government specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to such purchase, the Authority may purchase the bonds of other local governments set out in the State Project Priority List, as defined in the SRF Regulations. The Local Government further specifically recognizes that all loans will be originated in conjunction with the SRF Regulations and with the prior approval of DEP.

3.6 The Local Government shall provide DEP with the appropriate documentation to comply with the special conditions regarding the public release and audit requirements established by federal and State regulations as set forth in Exhibit E attached hereto at such times as are set forth therein.

ARTICLE IV

Local Bonds; Security for Loan;
Repayment of Loan; Interest on Loan;
Fees and Charges

4.1 The Local Government shall, as one of the conditions of the Authority and DEP to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Local Government in accordance with the Local Statute, which shall, as adopted or enacted, contain provisions and covenants in substantially the form as follows:

(a) That the gross revenues of the System shall always be used for purposes of the System. Such gross revenues will be used monthly, in the order of priority listed below:

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any

succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

(iii) to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent (2-1/2%) of the gross revenues from the System, exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account; and

(iv) for other legal purposes of the System, including payment of debt service on other obligations junior, subordinate and inferior to the Local Bonds.

Provided, that if the Local Government has existing outstanding indebtedness which has greater coverage or renewal and replacement fund requirements, then the greater requirements will prevail until said existing indebtedness is paid in full.

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the net or gross revenues of the System as provided in the Local Act;

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any year for debt service on the Local Bonds and all other obligations secured by a lien on or payable from the revenues of the System prior to or on a parity with the Local Bonds or, if the Reserve Account is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount equal to the Reserve Requirement and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

(iii) That the Local Government shall complete the Project and operate and maintain the System in good condition;

(iv) That, except as otherwise required by State law or the Regulations, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, provided that the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the Local Bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of such System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

(v) That the Local Government shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority and DEP; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

(vi) That the Local Government will carry such insurance as is customarily carried with respect to works and properties similar to the System, including those specified by Section 2.8 hereof;

(vii) That the Local Government will not render any free services of the System;

(viii) That the Authority may, by proper legal action, compel the performance of the duties of the Local Government under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law and all rights as set forth in Section 5 of the Act;

(ix) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, all delinquent rates and charges, if not paid when due, shall become a lien on the premises served by the System;

(x) That, to the extent legally allowable, the Local Government will not grant any franchise to provide any services which would compete with the System;

(xi) That the Local Government shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and DEP, which report shall include a statement that the Local Government is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Local Government's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Local Government shall annually adopt a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding fiscal year and shall submit a copy of such budget to the Authority and DEP within 30 days of adoption thereof;

(xiii) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, prospective users of the System shall be required to connect thereto;

(xiv) That the proceeds of the Local Bonds, advanced from time to time, except for accrued interest and capitalized interest, if any, must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Local Government and on which the owners of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing) and/or (b) be used to pay (or redeem) bond anticipation notes or other interim financing of such Local Government, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority and DEP, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Local Government may authorize redemption of the Local Bonds with 30 days written notice to the Authority;

(xvi) That the West Virginia Municipal Bond Commission (the

"Commission") shall serve as paying agent for all Local Bonds;

(xvii) That the Local Government shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payment. The Local Government shall complete the Monthly Payment Form, attached hereto as Exhibit F and incorporated herein by reference, and submit a copy of said form along with a copy of the check or electronic transfer to the Authority by the 5th day of such calendar month;

(xviii) That, unless it qualifies for an exception to the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, which exception shall be set forth in an opinion of bond counsel, the Local Government will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xix) That the Local Government shall have obtained the certificate of the Consulting Engineers to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and DEP is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

(xx) That the Local Government shall, to the full extent permitted by applicable law and the rules and regulations of the PSC, terminate the services of any water facility owned by it to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore the services of the water facility until all delinquent charges for the services of the System have been fully paid or, if the water facility is not owned by the Local Government, then the Local Government shall enter into a termination agreement with the water provider; and

(xxi) That the Local Government shall submit all proposed change orders to the DEP for written approval. The Local Government shall obtain the written approval of the DEP before expending any proceeds of the Local Bonds held in "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting Engineer. The Local Government shall obtain the written approval of the DEP before

expending any proceeds of the Local Bonds available due to bid/construction/project underruns.

The Local Government hereby represents and warrants that the Local Act has been or shall be duly adopted or enacted in compliance with all necessary corporate and other action and in accordance with applicable provisions of law. All legal matters incident to the authorization, issuance, validity, sale and delivery of the Local Bonds shall be approved without qualification by nationally recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit G.

4.2 The Loan shall be secured by the pledge and assignment by the Local Government, as effected by the Local Act, of the fees, charges and other revenues of the Local Government from the System.

4.3 At least five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Loan Closing. The remaining proceeds of the Local Bonds shall be advanced by the DEP monthly as required by the Local Government to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Government, the DEP and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the SRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.4 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Local Government. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series.

4.5 As provided by the SRF Regulations, the Local Government agrees to pay from time to time, if required by the Authority and DEP, the Local Government's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be determined by the Authority and shall include, without limitation, Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for any bonds or notes to be issued by the Authority for contribution to the Fund and the fees and expenses of any corporate trustee for the Fund.

4.6 The obligation of the Authority to make any loans shall be conditioned

upon the availability of moneys in the Fund in such amount and on such terms and conditions as, in the sole judgment of the Authority, will enable it to make the Loan.

ARTICLE V

Certain Covenants of the Local Government; Imposition and Collection of User Charges; Payments To Be Made by Local Government to the Authority

5.1 The Local Government hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Local Government hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System and will take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and in compliance with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the required sums set forth in the Local Act and this Loan Agreement, the Local Government hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges (or where applicable, immediately file with the PSC for a rate increase) and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and this Loan Agreement.

5.3 In the event the Local Government defaults in any payment due to the Authority pursuant to Section 4.2 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Local Government hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Local Government, the Authority may exercise any or all of the rights and powers granted under Section 5 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

ARTICLE VI

Other Agreements of the Local Government

6.1 The Local Government hereby acknowledges to the Authority and DEP its understanding of the provisions of the Act, vesting in the Authority and DEP certain powers, rights and privileges with respect to wastewater treatment projects in the event of default by the Local Government in the terms and covenants of this Loan Agreement, and the Local Government hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Local Government shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

6.2 The Local Government hereby warrants and represents that all information provided to the Authority and DEP in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Local Bonds, the Authority and DEP shall have the right to cancel all or any of their obligations under this Loan Agreement if (a) any representation made to the Authority and DEP by the Local Government in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Local Government has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Act, the SRF Regulations or this Loan Agreement.

6.3 The Local Government hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority or any other lender for the planning or design of the Project, provided that such repayment shall not be made from the proceeds of the Loan.

6.4 The Local Government hereby covenants that it will rebate any amounts required by Section 148 of the Internal Revenue Code of 1986, as amended, and will take all steps necessary to make any such rebates. In the event the Local Government fails to make any such rebates as required, then the Local Government shall pay any and all penalties, obtain a waiver from the Internal Revenue Service and take any other actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of

interest on the Local Bonds.

6.5 Notwithstanding Section 6.4, the Authority and DEP may at any time, in their sole discretion, cause the rebate calculations prepared by or on behalf of the Local Government to be monitored or cause the rebate calculations for the Local Government to be prepared, in either case at the expense of the Local Government.

6.6 The Local Government hereby agrees to give the Authority and DEP prior written notice of the issuance by it of any other obligations to be used for the System, payable from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

6.7 The Local Government hereby agrees to file with the Authority and DEP upon completion of acquisition and construction of the Project a schedule in substantially the form of Amended Schedule A to the Application, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE VII

Miscellaneous

7.1 Schedules X and Y shall be attached to this Loan Agreement by the Authority as soon as practicable after the Date of Loan Closing is established and shall be approved by an official action of the Local Government supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.2 If any provision of this Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Loan Agreement, and this Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.3 This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all documents or other instruments and take such other actions as may be necessary to give effect to the terms of this Loan Agreement.

7.4 No waiver by any party of any term or condition of this Loan

Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Loan Agreement.

7.5 This Loan Agreement supersedes all prior negotiations, representations and agreements between the parties hereto relating to the Loan and constitutes the entire agreement between the parties hereto in respect thereof.

7.6 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Local Government specifically recognizes that it is hereby agreeing to sell its Local Bonds to the Authority and that such obligation may be specifically enforced or subject to a similar equitable remedy by the Authority.

7.7 This Loan Agreement shall terminate upon the earlier of:

(i) written notice of termination to the Local Government from either the Authority or DEP;

(ii) the end of ninety (90) days after the date of execution hereof by the Authority or such later date as is agreed to in writing by DEP if the Local Government has failed to deliver the Local Bonds to the Authority;

(iii) termination by the Authority and DEP pursuant to Section 6.2 hereof; or

(iv) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Local Government to the Authority or DEP; provided that the amount of the Loan made under this Loan Agreement in any succeeding fiscal year is contingent upon funds being appropriated by the State legislature or otherwise being available to make the Loan. In the event funds are not appropriated or otherwise available to make all of the Loan, the responsibility of the Authority and DEP to make all the Loan is terminated; provided further that the obligation of the Local Government to repay the outstanding amount of the Loan made by the Authority and DEP is not terminated due to such non-funding on any balance of the Loan. The DEP agrees to use its best efforts to have the amount contemplated under this Loan Agreement included in its budget. Non-appropriation or non-funding of the Loan shall not be considered an event of default under this Loan Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Authority.

(SEAL)

SOUTH PUTNAM PSD
[Name of Local Government]

By: [Signature]
Its: Chairman

Attest:

Date: February 19, 2002

[Signature]
Its Secretary

WEST VIRGINIA DEPARTMENT OF
ENVIRONMENTAL PROTECTION, DIVISION
OF WATER RESOURCES

By: [Signature]
Its: Director
Date: 2-25-02

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By: [Signature]
Its: Director

Attest:

Date: February 19, 2002

[Signature]
Secretary-Treasurer

EXHIBIT A

[Form of Performance Certificate]

[TO BE PROVIDED BY DEP]

EXHIBIT B

[Form of Monthly Financial Report]

[Name of Local Government]

[Name of Bond Issue]

Fiscal Year - ____

Report Month: _____

<u>MINUS</u>	<u>ITEM</u>	<u>CURRENT</u>	<u>TOTAL</u>	<u>BUDGET</u>	<u>BUDGET</u>
		<u>MONTH</u>	<u>YEAR TO</u>	<u>YEAR TO</u>	<u>YEAR</u>
			<u>DATE</u>	<u>DATE</u>	<u>TO</u>
				<u>DATE</u>	<u>DATE</u>
1.	Gross Revenues Collected				
2.	Operating Expenses				
3.	Other Bond Debt Payments (including Reserve Account Deposits)				
4.	SRF Bond Payments (include Reserve Account Deposits)				
5.	Renewal and Replacement Fund Deposit				

Witnesseth my signature this ____ day of _____, _____.

[Name of Local Government]

By: _____

Authorized Officer

Instructions for Completing Monthly Financial Report

1. You will need a copy of the current fiscal year budget adopted by the Local Government to complete Items 1 and 2. In Item 1, provide the amount of actual gross revenues for the current month and the total amount year to date in the respective columns. Divide the budgeted annual gross revenues by 12. For example, if gross revenues of \$1,200 are anticipated to be received for the year, each month the base would be increased by \$100 ($1200/12$). This is the incremental amount for the Budget Year to Date column.
2. In Item 2, provide the amount of actual operating expenses for the current month and the total amount year to date in the respective columns. The SRF administrative fee should be included in the operating expenses. Divide the budgeted annual operating expenses by 12. For example, if operating expenses of \$900 are anticipated to be incurred for the year, each month the base would be increased by \$75 ($900/12$). This is the incremental amount for the Budget Year to Date column.
3. In Item 3, provide the principal, interest and reserve account payments for all the outstanding bonds of the Local Government other than this Loan.
4. In Item 4, provide the principal, interest and reserve account payments for this Loan. You need to call the Municipal Bond Commission for the exact amount of these payments and when they begin.
5. In Item 5, provide the amount deposited into the Renewal and Replacement Fund each month. This amount is equal to 2.5% of gross revenues minus the total reserve account payments included in Items 3 and 4. If gross revenues are \$12,000, the Renewal and Replacement Fund should have an amount of \$300 (2.5% of \$12,000), LESS the amount of all reserve account payments in Items 3 & 4. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Local Government.
6. The Local Government must complete the Monthly Financial Report and forward it to the DEP by the 10th day of each month, commencing on the date contracts are executed for the construction of the Project and for 2 years following the completion of the Project. DEP will notify the Local Government when the Monthly Financial Report no longer needs to be filed.

EXHIBIT C

PAYMENT REQUISITION FORM

(All Copies to Be Provided by DEP for Each Project)

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License
No. _____, of _____, Consulting Engineers,
_____, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of
_____ to the _____ system (the "Project")
of _____ (the "Issuer"), to be constructed primarily in
_____ County, West Virginia, which acquisition and construction are
being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer.
Capitalized words not defined herein shall have the same meaning set forth in the bond
_____ adopted or enacted by the Issuer on _____, and the Loan
Agreement by and among the Issuer, the West Virginia Water Development Authority (the
"Authority"), and the West Virginia Department of Environmental Protection (the "DEP"),
dated _____.

2. The Bonds are being issued for the purposes of (i)
_____, and (ii) paying certain issuance and
other costs in connection therewith.

3. To the best of my knowledge, information and belief, (i) within the limits and
in accordance with the applicable and governing contractual requirements relating to the
Project, the Project will be constructed in general accordance with the approved plans,
specifications and designs prepared by my firm and approved by the DEP and any change
orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the
Project, as designed, is adequate for its intended purpose and has a useful life of at least
_____ years, if properly operated and maintained, excepting anticipated replacements due
to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction
of the Project which are in an amount and otherwise compatible with the plan of financing

set forth in Schedule A attached hereto as Exhibit A, and my firm¹ has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof², the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this ____ day of _____, ____.

By _____

West Virginia License No. _____

[SEAL]

¹If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____, Esq.] and delete "my firm has ascertained that".

²If the Rule 42 Exhibit and/or rate structure was prepared by an accountant, then insert the following: "In reliance upon the certificate of _____ of even date herewith," at the beginning of (ix).

EXHIBIT E

SPECIAL CONDITIONS

A. PUBLIC RELEASE REQUIREMENT - The Local Government agrees to include, when issuing statements, press releases, requests for proposals, bid solicitations, groundbreaking or project dedication program documents and other documents describing projects or programs funded in whole or in part with Federal money, (1) the percentage of the total costs of the program or project which will be financed with Federal money, (2) the dollar amount of Federal funds for the project or program, and (3) percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

B. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) - The Local Government that receives \$300,000 or more (in federal funds) in a fiscal year must obtain audits in accordance with the Single Audit Act and the applicable OMB Circular or any successor thereto. Financial statement audits are required once all funds have been received by the Local Government.

C. SUBMISSION OF Final Title Opinion prior to loan closing.

D. ISSUANCE OF PSC Certificate prior to loan closing.

E. PSC APPROVAL of intermunicipal agreement prior to loan closing.

EXHIBIT F

[Monthly Payment Form]

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

Re: [Name of bond issue]

Ladies and Gentlemen:

The following deposits were made to the West Virginia Municipal Bond Commission on behalf of [Name of Local Government] on [Date].

Sinking Fund:

Interest	\$_____
Principal	\$_____
Total:	\$_____
Reserve Account:	\$_____

Witness my signature this ____ day of _____.

[Name of Local Government]

By: _____
Authorized Officer

EXHIBIT G

[Opinion of Bond Counsel for Local Government]

[To Be Dated as of Date of Closing]

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

West Virginia Department of Environmental Protection
1560 Kanawha Boulevard, East
Charleston, WV 25311

Ladies and Gentlemen:

We are bond counsel to _____ (the "Local Government"), a

_____.
We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a bond purchase agreement dated _____, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), among the Local Government, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the issue of a series of revenue bonds of the Local Government, dated _____, (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Local Bonds are issued in the principal amount of \$_____, in the form of one bond, registered as to principal only to the Authority, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning _____ 1, _____, and ending _____ 1, _____, all as set forth in the "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued for the purposes of (i) _____, and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Local Government on _____, as supplemented by the

supplemental resolution duly adopted by the Local Government on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Bond Purchase Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Bond Purchase Agreement.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion as follows:

1. The Bond Purchase Agreement has been duly authorized by and executed on behalf of the Local Government and is a valid and binding special obligation of the Local Government enforceable in accordance with the terms thereof.
2. The Bond Purchase Agreement inures to the benefit of the Authority and the DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Local Government without the consent of the Authority and the DEP.
3. The Local Government is a duly organized and presently existing _____, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt or enact the Local Act and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.
4. The Local Act and all other necessary orders and resolutions have been legally and effectively adopted or enacted by the Local Government and constitute valid and binding obligations of the Local Government enforceable against the Local Government in accordance with their terms. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Bond Purchase Agreement.
5. The Local Bonds have been duly authorized, issued, executed and delivered by the Local Government to the Authority and are valid , legally enforceable and binding special obligations of the Local Government, payable from the net or gross revenues of the System set forth in the Local Act and secured by a first lien on and pledge of the net or gross revenues of the System, all in accordance with the terms of the Local Bonds and the Local Act.
6. The Local Bonds are, by statute, exempt _____, and under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Local Bonds is excludable from the gross income of the recipients thereof for federal income tax purposes.

applied, the interest on the Local Bonds is excludable from the gross income of the recipients thereof for federal income tax purposes.

No opinion is given herein as to the effect upon enforceability of the Local Bonds of bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights or in the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Local Bond numbered R-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	<u>\$1,422,000</u>
Purchase Price of Local Bonds	<u>\$1,422,000</u>

The Local Bonds shall bear no interest from the date of delivery to and including May 31, 2003. Commencing September 1, 2003, interest on the Local Bonds is payable quarterly, at a rate of 2% per annum. Commencing September 1, 2003, principal of the Local Bonds is payable quarterly, with an administrative fee of 1%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Local Government shall submit its payments monthly to the Commission with instructions that the Commission will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority. If the Reserve Account is not fully funded at closing, the Local Government shall commence the payment of the 1/120 of the maximum annual debt service on the first day of the month it makes its first monthly payment to the Commission. The Local Government shall instruct the Commission to notify the Authority of any monthly payments which are not received by the 20th day of the month in which the payment was due.

The Local Bonds are fully registered in the name of the Authority as to principal and interest, if any, and the Local Bonds shall grant the Authority a first lien on the net or gross revenues of the Local Government's system as provided in the Local Act.

The Local Government may prepay the Local Bonds in full at any time at the price of par upon 30 days' written notice to the Authority and DEP. The Local Government shall request approval from the Authority and DEP in writing of any proposed debt which will be issued by the Local Government on a parity with the Local Bonds which request must be filed at least 60 days prior to the intended date of issuance.

As of the date of the Loan Agreement, the Local Bonds are on a parity as to liens, pledge and source of and security for payment with the following obligations of the Local Government:

Sewer Revenue Bonds, Series 1979, dated September 12, 1980, issued in the original principal amount of \$2,200,000; Sewer Revenue Bonds, Series 1983, dated August 1, 1983, issued in the original principal amount of \$750,000; and Sewer Revenue Bonds, Series 1995, dated May 2, 1995, issued in the original principal amount of \$1,300,000.

SCHEDULE Y

<p align="center"> South Putnam PSD (West Virginia) Loan of \$1,422,000 20 Years, 2% Interest Rate, 1% Administrative Fee Closing Date: March 7, 2002 DEBT SERVICE SCHEDULE </p>				
Date	Principal	Coupon	Interest	Total P+I
6/01/2002	-	-	-	-
9/01/2002	-	-	-	-
12/01/2002	-	-	-	-
3/01/2003	-	-	-	-
6/01/2003	-	-	-	-
9/01/2003	14,500.00	2.000%	7,110.00	21,610.00
12/01/2003	14,573.00	2.000%	7,037.50	21,610.50
3/01/2004	14,646.00	2.000%	6,964.64	21,610.64
6/01/2004	14,719.00	2.000%	6,891.41	21,610.41
9/01/2004	14,792.00	2.000%	6,817.81	21,609.81
12/01/2004	14,866.00	2.000%	6,743.85	21,609.85
3/01/2005	14,941.00	2.000%	6,669.52	21,610.52
6/01/2005	15,015.00	2.000%	6,594.82	21,609.82
9/01/2005	15,090.00	2.000%	6,519.74	21,609.74
12/01/2005	15,166.00	2.000%	6,444.29	21,610.29
3/01/2006	15,242.00	2.000%	6,368.46	21,610.46
6/01/2006	15,318.00	2.000%	6,292.25	21,610.25
9/01/2006	15,395.00	2.000%	6,215.66	21,610.66
12/01/2006	15,471.00	2.000%	6,138.69	21,609.69
3/01/2007	15,549.00	2.000%	6,061.33	21,610.33
6/01/2007	15,627.00	2.000%	5,983.59	21,610.59
9/01/2007	15,705.00	2.000%	5,905.45	21,610.45
12/01/2007	15,783.00	2.000%	5,826.93	21,609.93
3/01/2008	15,862.00	2.000%	5,748.01	21,610.01
6/01/2008	15,941.00	2.000%	5,668.70	21,609.70
9/01/2008	16,021.00	2.000%	5,589.00	21,610.00
12/01/2008	16,101.00	2.000%	5,508.89	21,609.89
3/01/2009	16,182.00	2.000%	5,428.39	21,610.39
6/01/2009	16,263.00	2.000%	5,347.48	21,610.48
9/01/2009	16,344.00	2.000%	5,266.16	21,610.16
12/01/2009	16,426.00	2.000%	5,184.44	21,610.44
3/01/2010	16,508.00	2.000%	5,102.31	21,610.31
6/01/2010	16,590.00	2.000%	5,019.77	21,609.77
9/01/2010	16,673.00	2.000%	4,936.82	21,609.82
12/01/2010	16,757.00	2.000%	4,853.46	21,610.46
3/01/2011	16,841.00	2.000%	4,769.67	21,610.67
6/01/2011	16,925.00	2.000%	4,685.47	21,610.47
9/01/2011	17,009.00	2.000%	4,600.84	21,609.84
12/01/2011	17,094.00	2.000%	4,515.80	21,609.80
3/01/2012	17,180.00	2.000%	4,430.33	21,610.33
6/01/2012	17,266.00	2.000%	4,344.43	21,610.43
9/01/2012	17,352.00	2.000%	4,258.10	21,610.10
12/01/2012	17,439.00	2.000%	4,171.34	21,610.34
3/01/2013	17,526.00	2.000%	4,084.14	21,610.14
6/01/2013	17,614.00	2.000%	3,996.51	21,610.51
9/01/2013	17,702.00	2.000%	3,908.44	21,610.44
12/01/2013	17,790.00	2.000%	3,819.93	21,609.93

South Putnam PSD (West Virginia)
Loan of \$1,422,000
20 Years, 2% Interest Rate, 1% Administrative Fee
Closing Date: March 7, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
3/01/2014	17,879.00	2.000%	3,730.98	21,609.98
6/01/2014	17,969.00	2.000%	3,641.59	21,610.59
9/01/2014	18,058.00	2.000%	3,551.74	21,609.74
12/01/2014	18,149.00	2.000%	3,461.45	21,610.45
3/01/2015	18,239.00	2.000%	3,370.71	21,609.71
6/01/2015	18,331.00	2.000%	3,279.51	21,610.51
9/01/2015	18,422.00	2.000%	3,187.86	21,609.86
12/01/2015	18,514.00	2.000%	3,095.75	21,609.75
3/01/2016	18,607.00	2.000%	3,003.18	21,610.18
6/01/2016	18,700.00	2.000%	2,910.14	21,610.14
9/01/2016	18,794.00	2.000%	2,816.64	21,610.64
12/01/2016	18,887.00	2.000%	2,722.67	21,609.67
3/01/2017	18,982.00	2.000%	2,628.24	21,610.24
6/01/2017	19,077.00	2.000%	2,533.33	21,610.33
9/01/2017	19,172.00	2.000%	2,437.94	21,609.94
12/01/2017	19,268.00	2.000%	2,342.08	21,610.08
3/01/2018	19,364.00	2.000%	2,245.74	21,609.74
6/01/2018	19,461.00	2.000%	2,148.92	21,609.92
9/01/2018	19,559.00	2.000%	2,051.62	21,610.62
12/01/2018	19,656.00	2.000%	1,953.82	21,609.82
3/01/2019	19,755.00	2.000%	1,855.54	21,610.54
6/01/2019	19,853.00	2.000%	1,756.77	21,609.77
9/01/2019	19,953.00	2.000%	1,657.50	21,610.50
12/01/2019	20,052.00	2.000%	1,557.74	21,609.74
3/01/2020	20,153.00	2.000%	1,457.48	21,610.48
6/01/2020	20,253.00	2.000%	1,356.71	21,609.71
9/01/2020	20,355.00	2.000%	1,255.45	21,610.45
12/01/2020	20,457.00	2.000%	1,153.67	21,610.67
3/01/2021	20,559.00	2.000%	1,051.39	21,610.39
6/01/2021	20,662.00	2.000%	948.59	21,610.59
9/01/2021	20,765.00	2.000%	845.28	21,610.28
12/01/2021	20,869.00	2.000%	741.46	21,610.46
3/01/2022	20,973.00	2.000%	637.11	21,610.11
6/01/2022	21,078.00	2.000%	532.25	21,610.25
9/01/2022	21,183.00	2.000%	426.86	21,609.86
12/01/2022	21,289.00	2.000%	320.94	21,609.94
3/01/2023	21,396.00	2.000%	214.50	21,610.50
6/01/2023	21,503.00	2.000%	107.52	21,610.52
Total	1,422,000.00	-	306,815.04	1,728,815.04 *

*Plus \$1,917.60 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is \$153,408.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: February 25, 2002

CASE NO. 01-0597-PSD-CN

SOUTH PUTNAM PUBLIC SERVICE DISTRICT,
a public utility.

Application for a certificate of convenience and necessity to provide sewer service to residents of Hollywood Drive and the Route 35/Interstate 64 interchange located in the Teays Valley area, to upgrade the District's central interceptor system located in Teays Valley, to provide sewer service to the new 200-acre Putnam Business Park and the Lock Nine area, to develop a Facilities Plan and to refinance existing debt.

RECOMMENDED DECISION

On August 17, 2001, South Putnam Public Service District, a public utility, filed an application, duly verified, for a certificate of convenience and necessity to construct and operate a sanitary sewer project to provide service to the residents of Hollywood Drive and the Route 35/Interstate 64 interchange located in the Teays Valley area, to upgrade the District's central interceptor system located in the Teays Valley area so as to provide additional excess capacity needed by the District to meet the continual growth in the area, to provide sewer service to the new 200-acre Putnam Business Park and approximately 70 residences and businesses in that area as well as the Lock Nine area on the north side of the Kanawha River, and to develop a Facilities Plan providing the District with guidelines for the future development of its sewer system to provide for the unserved areas of the District's territory and the area immediately adjacent thereto.

The Applicant, South Putnam Public Service District, originally estimated that this project would cost \$10,900,000. The District proposed to finance the construction of this project with interim financing from the Putnam County Bank in an amount not to exceed \$1,000,000 accruing interest at the prime interest rate plus 2%, not to exceed 8%, to be replaced by permanent project financing consisting of a loan from the West Virginia Water Development Authority in an amount not to exceed \$6,260,000, for a term not to exceed forty (40) years at an interest rate not to exceed 6%, and a loan from the State Drinking Water Treatment Revolving Fund in an amount not to exceed \$4,640,000, at an interest rate not to exceed 3% interest, for a term not to exceed twenty (20) years.

South Putnam Public Service District proposed to increase its rates and charges as a result of this project as follows:

SCHEDULE NO. 1

APPLICABILITY

Applicable inside and outside of the boundaries of the District.

AVAILABILITY OF SERVICE

Available for metered domestic, commercial and industrial sewer service, except unusual industrial waste.

RATE

Each 1,000 gallons used per month \$5.09 per 1,000 gallons

MINIMUM BILL

\$10.18 per month

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full within 20 days of the date of bill, ten percent (10%) will be added to the net amount thereof. This delayed penalty is not interest and is to be collected only once for each bill where it is appropriate.

ALTERNATIVE MEASUREMENT OF SEWAGE

Customers having water use which results in a substantial portion of the water purchased not being discharged into the sanitary sewer system shall be entitled, at the option and sole cost of the customer, to request South Putnam Public Service District to purchase, install and maintain special meters to measure the volume of waste water discharged into the sanitary sewer system. The customer shall advance to the District, upon demand, the District's estimated cost of purchase and installing the meter and upon installation of such waste discharge meter the rates of the customer shall be based upon the volume of waste discharged into the system rather than upon the volume of water purchased by the customer. Normal expenses incurred by the District for the maintenance of the meter shall be billed to the customer; the customer shall advance to the District, on demand, the District's estimated cost of any unusual maintenance.

This application was properly prefiled with the Public Service Commission on May 3, 2001, and published for public legal notice on May 10 and 17, 2001, in The Putnam Democrat and The Hurricane Breeze, newspapers duly qualified by the Secretary of State, published and of general circulation in Putnam County. These publications were required by, and in accordance with, a Commission Order entered May 3, 2001.

Pursuant to the actual filing of this application on August 17, 2001, and by a Revised Notice of Filing entered August 21, 2001, the District was required to give public legal notice of the actual filing of this application by publishing a copy of the Revised Notice of Filing once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Putnam County, West Virginia. The Revised Notice contained the proposed increased rates and charges required by this project as well as a provision that anyone desiring to make objection to this application must do so in writing, within thirty (30)

days after the date of publication of the Revised Notice. The Revised Notice further provided that, if no protests or objections were timely received, the Commission may waive formal hearing and grant the application based on the evidence submitted with the application and its review thereof.

On September 5, 2001, the District filed duly executed Affidavits of Publication demonstrating publication of the Revised Notice of Filing in The Hurricane Breeze and The Putnam Democrat on August 30, 2001, all in accordance with said Notice.

In response to the publication of the Revised Notice of Filing, two letters of protest to this application were filed with the Commission on September 20 and 27, 2001. Both letters were concerned with the proposed routing of a sewer transportation main through the Mill Creek Crossing subdivision in Teays Valley, Putnam County, and were not generally opposed to the project.

On September 25, 2001, the Staff of the Public Service Commission filed its Initial Joint Staff Memorandum in this matter. Staff stated that its review of this project was continuing and that a final recommendation would be forthcoming when all requested information and documentation had been received and investigated.

By a Commission Referral Order entered October 1, 2001, this application was referred to the Division of Administrative Law Judges for further proceedings with a decision due date of March 19, 2002.

Pursuant to a request from Commission Staff, the District filed, on October 5, 2001, a copy of a letter from the West Virginia Department of Environmental Protection (DEP), approving the revised plans and specifications for this project.

On October 11, 2001, Commission Staff filed its second formal request for interrogatories, data and information from the District.

By a Procedural Order entered October 29, 2001, this matter was scheduled for hearing to be held on December 19, 2001, in Putnam County. Additionally, the Applicant was required to publish a prepared Notice of Hearing, once a week for two (2) consecutive weeks, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Putnam County.

On November 13, 2001, William B. Goode, a Protestant, filed a letter stating that this right-of-way concerns had been addressed by the District and that he wanted to withdraw his letter of protest to this project. Mr. and Mrs. Monroe, also Protestants, filed a similar request on November 19, 2001. These filings effectively removed the previous formal protests filed to this application.

On December 7, 2001, Commission Staff filed its Final Joint Staff Memorandum in this matter. Staff pointed out that this project actually consists of at least five components intended to both extend the system to new areas and to upgrade and modernize existing outdated parts of the interceptor system. The District has been issued a letter of approval for the plans and specifications for this project from the West Virginia

Department of Environmental Protection (SRF No. C-544276), on October 3, 2001. Pursuant to its review of these plans and specifications, Technical Staff stated that they are in general conformance with the Commission's Rules and Regulations. The proposed project is necessary because it will serve numerous new customers currently using failing septic systems, eliminate current overload of the District's collection system and allow for future growth and economic development. The project is convenient in that it does not financially burden the District's customers. In conclusion, Staff recommended that the District's application for a certificate of convenience and necessity be approved. Staff also noted that, with the resolution of the concerns of Mr. Goode and Mr. and Mrs. Monroe, this application was unopposed.

On December 11, 2001, the District filed duly executed Affidavits of Publication demonstrating publication of the prepared Notice of Hearing on November 22 and 29, 2001, in The Hurricane Breeze and The Putnam Democrat, newspapers, all in accordance with the Procedural Order entered October 29, 2001.

The hearing in this matter convened as scheduled on December 19, 2001, with all parties in attendance. The Applicant, South Putnam Public Service District, was present in the person of its General Manager and was represented by its attorney, Robert R. Rodecker. Commission Staff was present and represented by Staff Attorney Cassius H. Toon and Cecelia G. Jarrell. On January 3, 2002, an accurate transcript of this proceeding, consisting of fifty-one (51) pages of testimony was filed with the Commission.

EVIDENCE

At hearing, the Applicant called its General Manager, Fred D. Stottlemeyer, as its first witness. Mr. Stottlemeyer stated that part of this project, as currently structured, would result in a substantial reduction in the original interest rate. The Rural Utility Service (R.U.S.) of the U.S. Department of Agriculture has offered funding for this project at a lower rate than the West Virginia Water Development Authority. Current R.U.S. indebtedness will not be refinanced. Additionally, 1.4 million dollars will be borrowed from the Clean Water Assistance Fund. Interim financing in the amount of one million dollars will be provided by the Putnam County Bank. A letter from the bank confirming this interim loan was introduced into evidence by the District. A letter confirming the commitment from the State Revolving Fund was also introduced. An additional letter from RUS confirming financing in the amount of \$7,078,000 is expected as well. The more favorable interest rates arranged by the District will result in a slightly lower rate than first proposed for this project. Bids have already been opened on this project and apparently the construction costs are going to be less than expected. The bids are valid for ninety days. (Tr., pp. 9-18).

The District called its certified public accountant, Ralph W. Bassett, Jr., as its next witness. Mr. Bassett is an experienced utility accountant and prepared the District's Rule 42 Financial Exhibit previously filed in this case. As a result of the changes in the

proposed method of financing for the project, he also prepared a revised Rule 42 Financial Exhibit, which was introduced into evidence. The Rule 42 Exhibit had been revised to reflect the lower than anticipated interest rate. Under the new financing, this project will require a 16.5% increase in rates, rather than the 18% originally calculated. (Tr., pp. 18-23).

This concluded the testimony at hearing related to this certified case. Additional testimony was taken concerning a companion case, Case No. 99-0275-PSD-PC, seeking approval of the engineering agreement on this project.

On January 3, 2002, a letter of protest was filed in this matter by Thomas W. Milam, concerning the repair and replacement of roadways disturbed by the construction contemplated by this project. Mr. Milam was not opposed to the sewer project itself.

Likewise, on January 10, 2002, John S. Shannon filed a letter of protest in this matter, but, again, the protest involved the placement and acquisition of easements or rights-of-way and not opposition to the sewer project generally.

On January 19, 2002, the District filed its Exhibit No. 3, as reserved at hearing, which was the letter of commitment from the USDA Rural Utility Service for a loan of \$7,078,000.00. The interest rate would be the lower of the rate in effect at the time of loan approval or at the time of loan closing, which should be 5% or less for a term of forty (40) years.

On January 24, 2002, the District filed a letter in this matter, which, among other things, requested that the Commission approve the addition of approximately fifty (50) additional customers to this project in the Midway area of Putnam County. These additions would be funded from project surplus funds resulting from the lower than expected construction bids.

On February 8, 2002, Commission Staff filed a Further Joint Staff Memorandum in this matter. Staff noted that the District had filed an RUS letter of conditions indicating that agency's commitment to loan the District \$7,078,000.00 at an interest rate of 5% for a term of four (4) years. On January 24, 2002, the District filed an executed Form RD 1940-1, in confirmation of said financing. Additional funding in the form of a loan in the amount of \$1,422,000 from the State Revolving Fund was also recognized in that letter. Due to a substantial underbid of approximately \$1,000,000.00, and resulting funding complications which would otherwise result, Staff recommended approval of the use of the surplus funds to add previously unserved customers in the Midway area of Putnam County. Staff recommended approval of the application as amended by the District's revised Rule 42 Financial Exhibit. However, Staff recommended that the use of the approximate \$1,000,000 in underbid construction funds be restricted until the District filed a supplement to the original engineering agreement on the project for Staff review and Commission approval. The supplement to the engineering agreement should include information such as drawings, project cost, O&M cost and other items of expense required by the additional customers.

On February 15, 2002, the West Virginia Department of Environmental Protection filed a Memorandum in this matter committing to a loan in the amount of \$1,422,000.00, at an interest rate of 2% and an administrative fee of 1% for a term of twenty (20) years. Closing on this loan is scheduled for March 7, 2002.

As of the date of this Recommended Decision, the District has not filed any objection to the Further Joint Staff Memorandum filed February 8, 2002.

DISCUSSION

This major project by the South Putnam Public Service District will not only expand the District's service area to additional residential and commercial customers, but will also improve and modernize the central collection system to allow for continuing growth. It has met with no formal general protest and is apparently supported by both the customer base and public officials from that region. Such individual letters of protest that were received involved particular problems with roads or rights-of-way and were either satisfied by the Applicant or will be dealt with thorough condemnation proceedings.

Consequently, this application will be approved, as revised, and a certificate of convenience and necessity will be issued for the construction and operation of this project.

FINDINGS OF FACT

1. On August 17, 2001, South Putnam Public Service District, a public utility, filed an application, duly verified, for a certificate of convenience and necessity to construct and operate a sanitary sewer project to provide service to the residents of Hollywood Drive and the Route 35/Interstate 64 interchange located in the Teays Valley area, to upgrade the District's central interceptor system located in the Teays Valley area so as to provide additional excess capacity needed by the District to meet the continual growth in the area, to provide sewer service to the new 200-acre Putnam Business Park and approximately 70 residences and businesses in that area as well as the Lock Nine area on the north side of the Kanawha River, and to develop a Facilities Plan providing the District with guidelines for the future development of its sewer system to provide for the unserved areas of the District's territory and the area immediately adjacent thereto. (See, Application filed August 17, 2001).

2. This application was properly prefiled with the Public Service Commission on May 3, 2001, and published for public legal notice on May 10 and 17, 2001, in The Putnam Democrat and The Hurricane Breeze, newspapers duly qualified by the Secretary of State, published and of general circulation in Putnam County. These publications were required by, and in accordance with, a Commission Order entered May 3, 2001. (See, prefiling May 3, 2001; Affidavits of Publication; Commission Order entered May 3, 2001).

3. Pursuant to the actual filing of this application on August 17, 2001, and by a Revised Notice of Filing entered August 21, 2001, the District was required to give public legal notice of the actual filing of this application by publishing a copy of the Revised Notice of Filing, once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Putnam County, West Virginia. The Revised Notice contained the proposed increased rates and charges required by this project as well as a provision that anyone desiring to make objection to this application must do so in writing, within thirty (30) days after the date of publication of the Revised Notice. (See, Revised Notice of Filing entered August 21, 2001).

4. On September 5, 2001, the District filed duly executed Affidavits of Publication demonstrating publication of the Revised Notice of Filing in The Hurricane Breeze and The Putnam Democrat on August 30, 2001, all in accordance with said Notice. (See, Affidavits of Publication filed September 5, 2001).

5. All letters of protest filed in this matter concerned individual disputes over rights-of-way or road repair, and were either satisfied by the District or left for resolution in condemnation proceedings. (See, Letters filed September 20 and 27, 2001, November 13 and 19, 2001, and January 3 and 10, 2002; Final Joint Staff Memorandum filed December 7, 2001).

6. The revised plans and specifications of this project have been approved by the West Virginia Department of Environmental Protection and are in conformance with the rules and regulations of the Public Service Commission. (See, Letter filed October 5, 2001; Final Joint Staff Memorandum filed December 7, 2001).

7. This proposed project is necessary because it will serve numerous new customers currently using failing septic systems, eliminate current overload of the District's collection system and allow for future growth and economic development in the District's expanded service territory. (See, Final Joint Staff Memorandum filed December 7, 2001).

8. This project is convenient in that it is economically feasible and does not financially burden the District's customers. (See, First Joint Staff Memorandum filed December 7, 2001).

9. On December 11, 2001, the District filed duly executed Affidavits of Publication demonstrating publication of the prepared Notice of Hearing on November 22 and 29, 2001, in The Hurricane Breeze and The Putnam Democrat, newspapers, all in accordance with the Procedural Order entered October 29, 2001.

10. No customers of the District appeared at hearing to protest this application. (See, Tr., pp. 5-51, generally).

11. At hearing, the District stated that it had revised the funding for this project to gain the advantage of a lower interest rate. (See, Tr., pp. 9-18).

12. As a result of the change in funding, the District has prepared and submitted a revised Rule 42 Exhibit reflecting lower rates required for the project. (See, Tr., pp. 18-23; Hearing Exhibit No. 4).

13. The United States Department of Agriculture Rural Utility Service has agreed to loan the District \$7,078,000.00, at an interest rate of not more than 5% for a term of forty (40) years. (See, Letter filed January 13, 2002; Hearing Exhibit No. 3, Form RF 1940-1 filed January 24, 2002).

14. The West Virginia Department of Environmental Protection has agreed to loan the District \$1,422,000, at an interest rate of 2% and an administrative fee of 1% for a term of 20 years, for this project. (See, Letter filed February 15, 2002).

15. Pursuant to a substantial underbid on this project of approximately \$1,000,000.00, the District proposed, and the funding agencies have approved, the addition of approximately 50 new customers to this project in the Midway area of Putnam County. (See, Letters filed January 24, 2002, and February 5, 2002).

16. Pursuant to its review of this revised application and all documentation filed herein, the Staff of the Public Service Commission has recommended approval of this application, as amended by the revised Rule 42 Financial Exhibit, to include the additional extensions and service connections to the 50 new customers in the Midway area of Putnam County. This recommendation is conditioned upon the District filing a supplement to the original engineering agreement on this project for Staff review and Commission approval. (See, Further Joint Staff Memorandum filed February 8, 2002).

17. As of the date of this Recommended Decision, the Applicant has not filed any objection to the Further Joint Staff Memorandum filed on February 8, 2002. (See, Commission case file generally).

CONCLUSION OF LAW

Under the facts and circumstances of this case and the recommendation of Commission Staff, it is reasonable to approve the application, as revised, filed herein on August 17, 2001, and issue a certificate of convenience and necessity to the South Putnam Public Service District for the construction and operation of the sewer improvement project described therein. This certificate shall include the additional customers to be added in the Midway area of Putnam County, to the extent that surplus funds are available.

ORDER

IT IS, THEREFORE, ORDERED that the application filed on August 21, 2001, by the South Putnam Public Service District and as revised herein, shall be approved, and that a certificate of convenience and necessity

will be issued for the construction and operation of the sewer improvement project detailed therein.

IT IS FURTHER ORDERED that the South Putnam Public Service District is authorized to accept and use a United States Department of Agriculture Rural Utilities Service loan in the amount of \$7,078,000, at an interest rate not to exceed 5% and a term or forty (40) years for said project, as well as a loan from the West Virginia Department of Environmental Protection, Clean Water State Revolving Fund, in the amount of \$1,422,000, at an interest rate of 2% and an administrative fee of 1% for a term of 20 years, for the project approved herein.

IT IS FURTHER ORDERED that the Applicant shall be authorized to accept and use, as interim financing, a loan from the Putnam County Bank in an amount not to exceed \$1,000,000, at an interest rate of prime rate plus two percent (2%) and to be repaid as the primary project financing becomes available.

IT IS FURTHER ORDERED that, before additional customers are added to this project in the Midway area of Putnam County, the District shall be required to file a supplement to the engineering agreement for this project for Staff review and Commission approval.

IT IS FURTHER ORDERED that the Treatment Agreement with the Town of Eleanor, submitted for Commission approval, shall be approved, and Paragraph Three, therein, shall be amended to state that any amendments to the agreement, or treatment fees contained therein, must be submitted to and approved by the Public Service Commission.

IT IS FURTHER ORDERED that the South Putnam Public Service District shall be authorized to charge and collect increased rates and charges as contained in the District's Proposed Tariff filed in its revised Rule 42 Exhibit, Hearing Exhibit No. 4, and attached hereto as Appendix A, for all service rendered on and after the date the District's project engineer certifies this project as substantially complete. The District shall file with the Commission an original and five (5) copies of its actual new tariff within thirty (30) days of its first use.

IT IS FURTHER ORDERED that, should any changes in the plans, scope or terms of this project occur, that were not approved in this Recommended Decision, the Applicant shall be required to submit said changes and specifications for subsequent review and approval of the Public Service Commission.

IT IS FURTHER ORDERED that the Applicant shall notify the Public Service Commission, in writing, when the project engineer has performed the substantial completion inspection and certified this project as operational, and further, that this matter be removed from the Commission's docket of open cases.

The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission

within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

If no exceptions are so filed this order shall become the order of the Commission, without further action or order, five (5) days following the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's Order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



Thomas N. Trent
Administrative Law Judge

TNT:jas
010597aa.wpd

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

CASE NO. 01-0597-PSD-CN

APPROVED RATES

SCHEDULE NO. 1

APPLICABILITY

Applicable inside and outside of the boundaries of the District.

AVAILABILITY

Available for metered domestic, commercial and industrial sewer service, except unusual industrial waste.

RATE

Each 1,000 gallons used per month \$5.02 per 1,000

MINIMUM BILL

\$10.04 per month

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full within twenty (20) days, ten percent (10%) will be added to the net amount thereof. This delayed penalty is not interest and is to be collected only once for each bill where it is appropriate.

ALTERNATIVE MEASUREMENT OF SEWAGE

Customers having water use which results in a substantial portion of the water purchased not being discharged into the sanitary sewer system shall be entitled, at the option and sole cost of the customer, to request South Putnam Public Service District to purchase, install and maintain special meters to measure the volume of waste water discharged into the sanitary sewer system. The customer shall advance to the District, upon demand, the District's estimated cost of purchase and installing the meter and upon installation of such waste discharge meter the rates of the customer shall be based upon the volume of waste discharged into the system rather than upon the volume of water purchased by the customer. Normal expenses incurred by the District for the maintenance of the meter shall be billed to the customer; the customer shall advance to the District, on demand, the District's estimated cost of any unusual maintenance.

SCHEDULE NO. 2

APPLICABILITY

Applicable inside and outside of the boundaries of the District.

AVAILABILITY

Available for sanitary sewer service to unmetered water users and users who obtain water from wells.

FLAT RATE

\$15.06 per month

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full within twenty (20) days, ten percent (10%) will be added to the net amount thereof. This delayed penalty is not interest and is to be collected only once for each bill where it is appropriate.

SCHEDULE NO. 5

APPLICABLE INSIDE AND OUTSIDE OF THE CORPORATE LIMITS OF THE SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Where the amount of sanitary sewage discharged into the South Putnam waste treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plant's water meter or meters, and the said plant cannot install a flow meter to measure such waste, a special formula will be used whereby such plant or plants will pay to the South Putnam Public Service District a sewer charge calculated at fifty (50) gallons of water per each employee at the plant each working day.

SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE DISTRICT'S SANITARY SYSTEM

Wherever the District has discovered that a customer's roof drain, downspout, storm sewer or similar facilities conducting surface water have been connected to the District's sewer system, and such customer has failed to take appropriate action, within thirty (30) days or receipt of a demand by the District, in accordance with the Rules and Regulations of the Public Service Commission, to eliminate such connect, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .0006233 \times C$$

$$S = \text{The surcharge in dollars}$$

$$A = \text{The area under roof and/or the area of any other water collecting surface}$$

connected to the sanitary sewer in square feet.

R = The measured monthly rainfall in inches

.0006233 = A conversion factor to change inches of rain x
square feet of surface to thousands of gallons
Of water

C = \$5.02-The District's approved rate per thousand
gallons of metered water usage

The District shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or surface water is being introduced into the sanitary sewer system at the customer's location and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the Rules and Regulations of the Public Service Commission of West Virginia.

West Virginia Infrastructure & Jobs Development Council

Public Members:

Russell L. Isaacs, Chairman
Cottageville
Henry Harmon, Vice Chairman
Hurricane
Dwight Calhoun
Petersburg
William P. Stafford, II, Esquire
Princeton

300 Summers Street, Suite 980
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Katy Mallory, PE
Executive Secretary

KMallory@ezwv.com

February 6, 2002

Mr. Jason E. Henderson, Assistant Manager
South Putnam Public Service District
P.O. Box 147
Scott Depot, WV 25560-0147

Re: South Putnam Public Service District
Sewer Upgrade & Extension Project 2001S-575

Dear Mr. Henderson:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the South Putnam Public Service District's (the "District") revised preliminary application regarding its proposed project to upgrade its existing sewer system and extend service to new customers (the "Project").

Upon consideration of the revised preliminary application, the Infrastructure Council recommends that the District utilize a Clean Water State Revolving Fund loan of \$1,422,000 and a Rural Utilities Service loan of \$7,078,000 to finance this \$8,500,000 project. **Please note that this letter does not constitute funding approval from these agencies.**

If you have any questions regarding this matter, please contact Katy Mallory at 558-4607.

Sincerely,



Russell L. Isaacs

RLI/km

cc: Mike Johnson, DEP
Randy Plum, RUS
John Stump, Esq., Steptoe & Johnson

From:

03/02/2002 04:26 #633 P.003/003

West Virginia Infrastructure & Jobs Development Council

Public Members:

James D. Williams, Chairman

St. Albans

William J. Hartman, PE, Vice Chairman

Grafton

Dwight Calhoun

Petersburg

William P. Stafford

Princeton

300 Summers Street, Suite 980

Charleston, West Virginia 25301

Telephone: (304) 558-4607

Facsimile: (304) 558-4609

Katy Mallory, PE

Executive Secretary

KMallory@ezwv.com

February 7, 2001

Mr. Fred Stottlemeyer

South Putnam Public Service District

P.O. Box 147

Scott Depot, West Virginia 25560

Re: South Putnam Public Service District
Preliminary Application 2001S-575
(Combines 2000S-571 and 99S-466)

Dear Mr. Stottlemeyer:

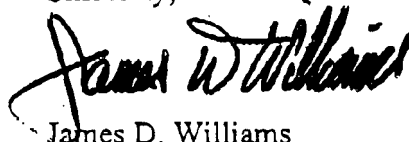
The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the South Putnam Public Service District's (the "District") preliminary application regarding its proposed project to refinance its existing debt and to extend sewer service to 84 new customers (the "Project").

Based on the findings of the Sewer Technical Review Committee, the Infrastructure Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The District should carefully review the enclosed comments of the Sewer Technical Review Committee as the District may need to address certain issues raised in said comments as it proceeds with the Project.

Upon consideration of the preliminary application, the Infrastructure Council recommends that the District pursue a Water Development Authority (WDA) loan of \$9,500,000 and a Clean Water State Revolving Fund loan of \$1,000,000 to finance this \$10,500,000 project. Please contact the WDA at 558-3612 and the DEP at 558-0641 for specific information on the steps the District needs to follow to apply for these funds. **Please note that this letter does not constitute funding approval from these agencies.**

If you have any questions regarding this matter, please contact Katy Mallory at 558-4607.

Sincerely,



James D. Williams

Enclosure

JDW/km

cc: Mike Johnson, DEP (w/o enclosure)
Bernie Yonkosky, WDA (w/o enclosure)

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002 A
(United States Department of Agriculture)

RECEIPT FOR SERIES 2002 A BONDS

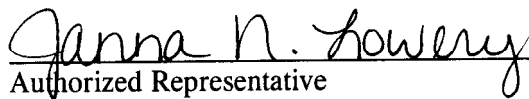
The undersigned, authorized representative of the United States Department of Agriculture, Rural Utilities Service, for and on behalf of the United States of America (the "Purchaser"), hereby certifies as follows:

1. On the 7th day of March, 2002, at Charleston, West Virginia, the undersigned received for the Purchaser the South Putnam Public Service District Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture), No. AR-1 (the "Series 2002 A Bonds"), issued as a single, fully registered Bond, in the principal amount of \$7,078,000, dated the date hereof, bearing interest at the rate of 5.0% per annum, payable in monthly installments as stated in the Bond.

2. At the time of such receipt, the Series 2002 A Bonds had been executed and sealed by the designated officials of the South Putnam Public Service District (the "Issuer").

3. At the time of such receipt, there was paid to the Issuer the sum of \$327,588.48, being a portion of the principal amount of the Series 2002 A Bonds. The balance of the principal amount of the Series 2002 A Bonds will be advanced by the Purchaser to the Issuer as acquisition and construction of the Project progresses.

WITNESS my signature on this 7th day of March, 2002.


Authorized Representative

03/01/02
847280.00001

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002 B
(West Virginia SRF Program)

CROSS-RECEIPT FOR SERIES 2002 B BONDS AND BOND PROCEEDS

On this 7th day of March, 2002, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Chairman of the South Putnam Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

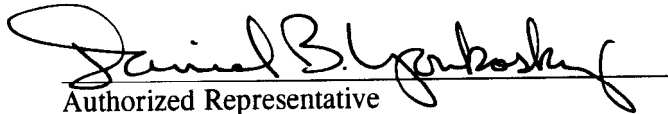
1. On the date hereof, the Authority received the South Putnam Public Service District Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), issued in the principal amount of \$1,422,000, as a single, fully registered Bond, numbered BR-1 and dated March 7, 2002 (the "Series 2002 B Bonds").

2. At the time of such receipt of the Series 2002 B Bonds upon original issuance, the Series 2002 B Bonds had been executed by the Chairman and the Secretary of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Series 2002 B Bonds.

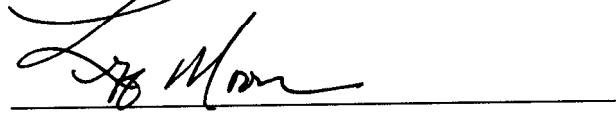
3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2002 B Bonds, of the sum of \$852,695, being a portion of the principal amount of the Series 2002 B Bonds. The balance of the principal amount of the Series 2002 B Bonds will be advanced by the West Virginia Department of Environmental Protection to the Issuer as acquisition and construction of the Project progresses.

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY


Authorized Representative

SOUTH PUTNAM PUBLIC SERVICE DISTRICT


Chairman

02/27/02
847280.00001

AGENCY: ENVIRONMENTAL PROTECTION
TOTAL: \$852,695.00
TRANSACTION INVOICE
ID NUMBER &
1005246788 1 013102, 544276

PAYEE
REFERENCE

PURCHASE
ORDER

WARRANT #: 4-8671936
DATE: 03/04/02

AMOUNT
\$852,695.00

If you have questions concerning the above, please call 304-759-0507.

REMOVE DOCUMENT ALONG THIS PERFORATION

CTL # 9450646

THIS WARRANT HAS MULTIPLE SECURITY FEATURES TO DETER FRAUD AND COUNTERFEITING
VOID UNLESS PRESENTED FOR PAYMENT WITHIN SIX MONTHS

State of West Virginia

Important remittance information on top panel
Remitter: ENVIRONMENTAL PROTECTION
Questions? Contact: MARK DOYLE at 304-759-0507

PAYEE
SOUTH PUTNAM PSD

STATE WARRANT # 4-8671936

MARCH 04 2002

4-8671936

*****\$852,695.00**

John D. Fordice
STATE TREASURER

Glen B. Ganner III
AUDITOR

WEST VIRGINIA TREASURY

11 48671936 10519023221 527053782211

J. Skemp
COPY

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002 B
(West Virginia SRF Program)

DIRECTION TO AUTHENTICATE AND DELIVER SERIES 2002 B BONDS

Branch Banking and Trust Company, as
Bond Registrar for the Series 2002 B Bonds
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith on this 7th day of March, 2002.

(1) Bond No. BR-1, constituting the entire original issue of the South Putnam Public Service District Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), in the principal amount of \$1,422,000, dated March 7, 2002 (the "Series 2002 B Bonds"), executed by the Chairman and Secretary of the South Putnam Public Service District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on March 5, 2002, and a Supplemental Resolution duly adopted by the Issuer on March 5, 2002 (collectively, the "Bond Legislation");

(2) A copy of the Bond Legislation authorizing the above-described Bond issue, duly certified by the Secretary of the Issuer;

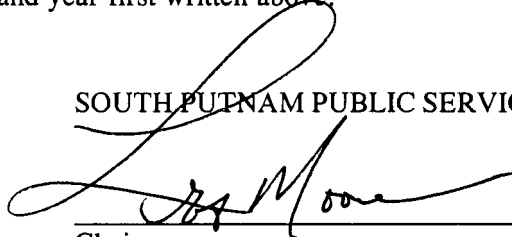
(3) Executed counterparts of the loan agreement dated February 19, 2002 (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"); and

(4) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Series 2002 B Bonds.

You are hereby requested and authorized to deliver the Series 2002 B Bonds to the Authority upon payment to the Issuer of the sum of \$852,695, representing a portion of the principal amount of the Series 2002 B Bonds. Prior to such delivery of the Series 2002 B Bonds, you will please cause the Series 2002 B Bonds to be authenticated and registered by an authorized officer, as Bond Registrar for the Series 2002 B Bonds, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT


Chairman

02/27/02
847280.00001

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SOUTH PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1

Date: March 7, 2002

FOR VALUE RECEIVED, the SOUTH PUTNAM PUBLIC SERVICE DISTRICT (the "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of SEVEN MILLION SEVENTY-EIGHT THOUSAND DOLLARS (\$7,078,000), plus interest on the unpaid principal balance at the rate of 5.0% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of this Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$34,470, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of acquisition and construction of improvements and extensions to the existing public sewerage system (the "System") of the Borrower, is payable solely from the net revenues to be derived from the operation of the System in the manner provided in the hereinafter defined Resolution. This Bond does not in any manner constitute a corporate indebtedness of Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Resolution and upon surrender and cancellation of this Bond.

Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted on March 5, 2002, and a Supplemental Resolution of the Borrower duly adopted on March 5, 2002, authorizing issuance of this Bond (collectively, the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1979, DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,200,000, THE SEWER REVENUE BOND, SERIES 1983, DATED AUGUST 1, 1983, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$750,000, THE SEWER REVENUE BONDS, SERIES 1995, DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,300,000, AND THE SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 7, 2002, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,422,000.

RECORD OF ADVANCES

AMOUNT		DATE		AMOUNT		DATE	
(1)	\$327,588.48	March 7, 2002	(19)	\$			
(2)	\$		(20)	\$			
(3)	\$		(21)	\$			
(4)	\$		(22)	\$			
(5)	\$		(23)	\$			
(6)	\$		(24)	\$			
(7)	\$		(25)	\$			
(8)	\$		(26)	\$			
(9)	\$		(27)	\$			
(10)	\$		(28)	\$			
(11)	\$		(29)	\$			
(12)	\$		(30)	\$			
(13)	\$		(31)	\$			
(14)	\$		(32)	\$			
(15)	\$		(33)	\$			
(16)	\$		(34)	\$			
(17)	\$		(35)	\$			
(18)	\$		(36)	\$			

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to____

the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond on the books kept for
registration of the within Bond of the said Borrower with full power of substitution in the
premises.

Dated: _____, _____.

In presence of:

03/01/02
847280.00001

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SOUTH PUTNAM PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002 B
(WEST VIRGINIA SRF PROGRAM)

No. BR-1

\$1,422,000

KNOW ALL MEN BY THESE PRESENTS: That the SOUTH PUTNAM PUBLIC SERVICE DISTRICT, a public service district and public corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE MILLION FOUR HUNDRED TWENTY TWO THOUSAND DOLLARS (\$1,422,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2003, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2003, at the rate per annum as set forth in Exhibit B attached hereto. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2003, as set forth on EXHIBIT B attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Branch Banking and Trust Company, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the next month preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions

prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the DEP, dated February 19, 2002.

This Bond is issued (i) to pay the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on March 5, 2002, and a Supplemental Resolution duly adopted by the Issuer on March 5, 2002 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1979, DATED SEPTEMBER 12, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,200,000 (THE "SERIES 1979 BONDS"), (2) SEWER REVENUE BONDS, SERIES 1983, DATED AUGUST 1, 1983, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$750,000 (THE "SERIES 1982 BONDS"), (3) SEWER REVENUE BONDS, SERIES 1995, DATED MAY 2, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,300,000 (THE "SERIES 1995 BONDS"), AND (4) SEWER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 7, 2002, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$7,078,000 (THE "SERIES 2002 A BONDS"). THE SERIES 1979 BONDS, THE SERIES 1983 BONDS AND THE SERIES 1995 BONDS ARE COLLECTIVELY REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 2002 A Bonds, the Prior Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2002 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor

shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2002 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2002 A Bonds and the Prior Bonds; provided that, so long as the Prior Bonds and the Series 2002 A Bonds are no longer outstanding and in the event there exists in the Series 2002 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of Branch Banking and Trust Company, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Left Blank]

EXHIBIT A

RECORD OF ADVANCES

AMOUNT		DATE	AMOUNT		DATE
(1)	\$852,695.00	March 7, 2002	(19)	\$	
(2)	\$		(20)	\$	
(3)	\$		(21)	\$	
(4)	\$		(22)	\$	
(5)	\$		(23)	\$	
(6)	\$		(24)	\$	
(7)	\$		(25)	\$	
(8)	\$		(26)	\$	
(9)	\$		(27)	\$	
(10)	\$		(28)	\$	
(11)	\$		(29)	\$	
(12)	\$		(30)	\$	
(13)	\$		(31)	\$	
(14)	\$		(32)	\$	
(15)	\$		(33)	\$	
(16)	\$		(34)	\$	
(17)	\$		(35)	\$	
(18)	\$		(36)	\$	

TOTAL \$ _____

EXHIBIT B

South Putnam PSD (West Virginia)

Loan of \$1,422,000

20 Years, 2% Interest Rate, 1% Administrative Fee

Closing Date: March 7, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
6/01/2002	-	-	-	-
9/01/2002	-	-	-	-
12/01/2002	-	-	-	-
3/01/2003	-	-	-	-
6/01/2003	-	-	-	-
9/01/2003	14,500.00	2.000%	7,110.00	21,610.00
12/01/2003	14,573.00	2.000%	7,037.50	21,610.50
3/01/2004	14,646.00	2.000%	6,964.64	21,610.64
6/01/2004	14,719.00	2.000%	6,891.41	21,610.41
9/01/2004	14,792.00	2.000%	6,817.81	21,609.81
12/01/2004	14,866.00	2.000%	6,743.85	21,609.85
3/01/2005	14,941.00	2.000%	6,669.52	21,610.52
6/01/2005	15,015.00	2.000%	6,594.82	21,609.82
9/01/2005	15,090.00	2.000%	6,519.74	21,609.74
12/01/2005	15,166.00	2.000%	6,444.29	21,610.29
3/01/2006	15,242.00	2.000%	6,368.46	21,610.46
6/01/2006	15,318.00	2.000%	6,292.25	21,610.25
9/01/2006	15,395.00	2.000%	6,215.66	21,610.66
12/01/2006	15,471.00	2.000%	6,138.69	21,609.69
3/01/2007	15,549.00	2.000%	6,061.33	21,610.33
6/01/2007	15,627.00	2.000%	5,983.59	21,610.59
9/01/2007	15,705.00	2.000%	5,905.45	21,610.45
12/01/2007	15,783.00	2.000%	5,826.93	21,609.93
3/01/2008	15,862.00	2.000%	5,748.01	21,610.01
6/01/2008	15,941.00	2.000%	5,668.70	21,609.70
9/01/2008	16,021.00	2.000%	5,589.00	21,610.00
12/01/2008	16,101.00	2.000%	5,508.89	21,609.89
3/01/2009	16,182.00	2.000%	5,428.39	21,610.39
6/01/2009	16,263.00	2.000%	5,347.48	21,610.48
9/01/2009	16,344.00	2.000%	5,266.16	21,610.16
12/01/2009	16,426.00	2.000%	5,184.44	21,610.44
3/01/2010	16,508.00	2.000%	5,102.31	21,610.31
6/01/2010	16,590.00	2.000%	5,019.77	21,609.77
9/01/2010	16,673.00	2.000%	4,936.82	21,609.82
12/01/2010	16,757.00	2.000%	4,853.46	21,610.46
3/01/2011	16,841.00	2.000%	4,769.67	21,610.67
6/01/2011	16,925.00	2.000%	4,685.47	21,610.47
9/01/2011	17,009.00	2.000%	4,600.84	21,609.84
12/01/2011	17,094.00	2.000%	4,515.80	21,609.80
3/01/2012	17,180.00	2.000%	4,430.33	21,610.33
6/01/2012	17,266.00	2.000%	4,344.43	21,610.43
9/01/2012	17,352.00	2.000%	4,258.10	21,610.10
12/01/2012	17,439.00	2.000%	4,171.34	21,610.34
3/01/2013	17,526.00	2.000%	4,084.14	21,610.14
6/01/2013	17,614.00	2.000%	3,996.51	21,610.51
9/01/2013	17,702.00	2.000%	3,908.44	21,610.44
12/01/2013	17,790.00	2.000%	3,819.93	21,609.93

South Putnam PSD (West Virginia)

Loan of \$1,422,000

20 Years, 2% Interest Rate, 1% Administrative Fee

Closing Date: March 7, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
3/01/2014	17,879.00	2.000%	3,730.98	21,609.98
6/01/2014	17,969.00	2.000%	3,641.59	21,610.59
9/01/2014	18,058.00	2.000%	3,551.74	21,609.74
12/01/2014	18,149.00	2.000%	3,461.45	21,610.45
3/01/2015	18,239.00	2.000%	3,370.71	21,609.71
6/01/2015	18,331.00	2.000%	3,279.51	21,610.51
9/01/2015	18,422.00	2.000%	3,187.86	21,609.86
12/01/2015	18,514.00	2.000%	3,095.75	21,609.75
3/01/2016	18,607.00	2.000%	3,003.18	21,610.18
6/01/2016	18,700.00	2.000%	2,910.14	21,610.14
9/01/2016	18,794.00	2.000%	2,816.64	21,610.64
12/01/2016	18,887.00	2.000%	2,722.67	21,609.67
3/01/2017	18,982.00	2.000%	2,628.24	21,610.24
6/01/2017	19,077.00	2.000%	2,533.33	21,610.33
9/01/2017	19,172.00	2.000%	2,437.94	21,609.94
12/01/2017	19,268.00	2.000%	2,342.08	21,610.08
3/01/2018	19,364.00	2.000%	2,245.74	21,609.74
6/01/2018	19,461.00	2.000%	2,148.92	21,609.92
9/01/2018	19,559.00	2.000%	2,051.62	21,610.62
12/01/2018	19,656.00	2.000%	1,953.82	21,609.82
3/01/2019	19,755.00	2.000%	1,855.54	21,610.54
6/01/2019	19,853.00	2.000%	1,756.77	21,609.77
9/01/2019	19,953.00	2.000%	1,657.50	21,610.50
12/01/2019	20,052.00	2.000%	1,557.74	21,609.74
3/01/2020	20,153.00	2.000%	1,457.48	21,610.48
6/01/2020	20,253.00	2.000%	1,356.71	21,609.71
9/01/2020	20,355.00	2.000%	1,255.45	21,610.45
12/01/2020	20,457.00	2.000%	1,153.67	21,610.67
3/01/2021	20,559.00	2.000%	1,051.39	21,610.39
6/01/2021	20,662.00	2.000%	948.59	21,610.59
9/01/2021	20,765.00	2.000%	845.28	21,610.28
12/01/2021	20,869.00	2.000%	741.46	21,610.46
3/01/2022	20,973.00	2.000%	637.11	21,610.11
6/01/2022	21,078.00	2.000%	532.25	21,610.25
9/01/2022	21,183.00	2.000%	426.86	21,609.86
12/01/2022	21,289.00	2.000%	320.94	21,609.94
3/01/2023	21,396.00	2.000%	214.50	21,610.50
6/01/2023	21,503.00	2.000%	107.52	21,610.52
Total	1,422,000.00	-	306,815.04	1,728,815.04 *

*Plus \$1,917.60 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is \$153,408.

South Putnam PSD (West Virginia)

Loan of \$1,422,000

20 Years, 2% Interest Rate, 1% Administrative Fee

Closing Date: March 7, 2002

DEBT SERVICE SCHEDULE

YIELD STATISTICS

Accrued Interest from 03/07/2002 to 03/07/2002.....	(35,076.00)
Bond Year Dollars.....	\$17,094.54
Average Life.....	12.021 Years
Average Coupon.....	1.7948127%
Net Interest Cost (NIC).....	1.7948127%
True Interest Cost (TIC).....	2.0085027%
Bond Yield for Arbitrage Purposes.....	2.0085027%
All Inclusive Cost (AIC).....	2.8923591%

IRS FORM 8038

Net Interest Cost.....	2.0000010%
Weighted Average Maturity.....	12.021 Years

Ferris, Baker Watts
West Virginia Public Finance Office

File = South Putnam PSD Loans.sf-SRF 2-15-02
2/15/2002 3:12 PM

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond
on the books kept for registration of the within Bond of the said Issuer with full power of
substitution in the premises.

Dated: _____, _____.

In the presence of:

03/04/02
847280.00001

March 7, 2002

South Putnam Public Service District
Sewer Revenue Bonds, Series 2002 A
(United States Department of Agriculture)

South Putnam Public Service District
Scott Depot, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the South Putnam Public Service District in Putnam County, West Virginia (the "Issuer"), of its \$7,078,000 Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture), dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on March 5, 2002, and a Supplemental Resolution duly adopted by the Issuer on March 5, 2002 (collectively, the "Bond Legislation"). We have examined the law and such certified copies of proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Bond Legislation and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing public service district and a public corporation and political subdivision of the State of West Virginia with full power to adopt the Bond Legislation, perform the agreements on its part contained therein and issue and sell the Bonds, all under the Act and other applicable provisions of law.
2. The Bond Legislation has been duly and effectively adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.
3. Pursuant to the Act, the Bond Legislation creates a valid lien on the funds pledged by the Bond Legislation for the security of the Bonds on a parity with the Issuer's (i) Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), issued concurrently herewith in the original

aggregate principal amount of \$1,422,000, (ii) Sewer Revenue Bonds, Series 1979, dated September 12, 1980, issued in the original aggregate principal amount of \$2,200,000, (iii) Sewer Revenue Bond, Series 1983, dated August 1, 1983, issued in the original aggregate principal amount of \$750,000, and (iv) Sewer Revenue Bonds, Series 1995, dated May 2, 1995, issued in the original aggregate principal amount of \$1,300,000, all in accordance with the Bonds and the Bond Legislation.

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Bond Legislation.

5. The Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

6. The Bonds are, under the Act, exempt from taxation by the State of West Virginia and the other taxing bodies of said State and interest on the Bonds is exempt from personal income taxes and corporate net income taxes imposed directly thereon by the State of West Virginia.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Bond Legislation and the liens and pledges set forth therein may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter adopted to the extent constitutionally applicable and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,


STEPTOE & JOHNSON PLLC

March 7, 2002

South Putnam Public Service District
Sewer Revenue Bonds, Series 2002 B
(West Virginia SRF Program)

South Putnam Public Service District
Scott Depot, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the South Putnam Public Service District (the "Issuer"), a public service district and political subdivision organized and existing under the laws of the State of West Virginia, of its \$1,422,000 Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated February 19, 2002, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal and interest to the Authority, bearing interest at the rate of two percent (2%) per annum and an Administrative Fee of 1%. The principal of and interest on the Bonds are payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2003, and ending June 1, 2023, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project") and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on March 5, 2002, as supplemented by a Supplemental Resolution duly adopted by the Issuer on March 5, 2002 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

In connection with the issuance of the Bonds, the Issuer has executed a Certificate as to Arbitrage, dated as of the date hereof (the "Certificate as to Arbitrage"), which, among other things, sets forth restrictions on the investment and expenditure of the Bond proceeds and earnings thereon, to ensure that the arbitrage requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code"), necessary to establish and maintain the excludability of interest on the Bonds from gross income for federal income tax purposes, are and will continue to be met.

Based upon the foregoing, and upon our examination of such other documents as we have deemed necessary, we are of the opinion, under existing law, as follows:

1. The Issuer is a duly created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer, enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Issuer without the written consent of the Authority and the DEP.

3. The Bond Legislation and all other necessary orders and resolutions have been duly adopted by the Issuer in connection with the issuance and sale of the Bonds and constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's (i) Sewer Revenue Bonds, Series 1979, dated September 12, 1980, issued in the original aggregate principal amount of \$2,200,000, (ii) Sewer Revenue Bond, Series 1983, dated August 1, 1983, issued in the original aggregate principal amount of \$750,000, (iii) the Sewer Revenue Bonds, Series 1995, dated May 2, 1995, issued in the original aggregate principal amount of

\$1,300,000 and (iv) the Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture), issued concurrently herewith, in the original aggregate principal amount of \$7,078,000, all in accordance with the Bonds and the Bond Legislation.


5. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to the Code and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Bond Legislation and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Bonds. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia and the other taxing bodies of the State and the interest on the Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Loan Agreement and the Bond Legislation, and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter adopted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond numbered BR-1, and in our opinion the form of said Bond and its execution and authentication are regular and proper.

Very truly yours,


STEPTOE & JOHNSON PLLC

RALPH W. BASSETT, JR.
ATTORNEY AT LAW

1156 South Main Street
Milton, West Virginia 25541
Telephone: (304) 743-5573
Fax: (304) 743-1150 Toll Free: 1-800-720-9629

March 7, 2002

South Putnam Public Service District
Sewer Revenue Bonds, Series 2002 A
(United States Department of Agriculture)

South Putnam Public Service District
Scott Depot, West Virginia

United States Department
of Agriculture
Morgantown, West Virginia

Step toe & Johnson PLLC
Clarksburg, West Virginia

Ladies and Gentlemen:

I am counsel to the South Putnam Public Service District, a public service district, in Putnam County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Step toe & Johnson PLLC, as bond counsel, a Bond Resolution duly adopted by the Issuer on March 5, 2002, and a Supplemental Resolution duly adopted by the Issuer on March 5, 2002 (collectively, the "Bond Legislation"), other documents and papers relating to the Issuer and the above-captioned Bonds of the Issuer (the "Bonds"). Capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation when used herein.

I am of the opinion that:

1. The Issuer is a duly created and validly existing public service district and public corporation and political subdivision of the State of West Virginia.
2. The members and officers of the Public Service Board of the Issuer have been duly, lawfully and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.
3. The Bond Legislation has been duly adopted by the Issuer and is in full force and effect.


4. The execution and delivery of the Bonds and the consummation of the transactions contemplated by the Bonds and the Bond Legislation, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any agreement, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.

5. In reliance upon the certificates of Howard K. Bell Consulting Engineers, Inc. and Randolph Engineering Company, Inc., of even date herewith, the Issuer has received all permits, licenses, approvals, consents, certificates, orders, exemptions and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges have been entered and/or received, including, without limitation, all requisite orders, certificates, consents and approvals from the West Virginia Infrastructure and Jobs Development Council and The County Commission of Putnam County. I express no opinion as to any permits, licenses, approvals, consents, exceptions, orders, certificates, or authorizations which the Issuer is required to obtain from the West Virginia Public Service Commission.

6. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bonds and the Bond Legislation, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Very truly yours,



Ralph W. Bassett, Jr., Esquire

RALPH W. BASSETT, JR.
ATTORNEY AT LAW

1156 South Main Street
Milton, West Virginia 25541
Telephone: (304) 743-5573
Fax: (304) 743-1150 Toll Free: 1-800-720-9629

March 7, 2002

South Putnam Public Service District
Sewer Revenue Bonds, Series 2002 B
(West Virginia SRF Program)

South Putnam, Public Service District
Scott Depot, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Steptoe & Johnson PLLC
Clarksburg, West Virginia

Ladies and Gentlemen:

I am counsel to the South Putnam Public Service District, a public service district, in Putnam County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a loan agreement for the Series 2002 B Bonds dated February 19, 2002, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "Loan Agreement"), the Bond Resolution duly adopted by the Issuer on March 5, 2002, as supplemented by the Supplemental Resolution duly adopted by the Issuer on March 5, 2002 (collectively, the "Bond Legislation"), and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (collectively, the "Bonds") and orders of The County Commission of Putnam County relating to the Issuer and the appointment of the members of the Public Service Board of the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

1. The Issuer has been duly created and is validly existing as a public service district and public corporation and political subdivision of the State of West Virginia.

2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding agreement of the Issuer, enforceable in accordance with its terms.

3. The members and officers of the Public Service Board of the Issuer have been duly, lawfully and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

4. The Bond Legislation has been duly adopted by the Issuer and is in full force and effect.

5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Bond Legislation and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any resolution, order, agreement or other instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, court order or consent decree to which the Issuer is subject.

6. The Issuer has received all permits, licenses, approvals, consents, certificates, orders, exemptions and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges have been entered and/or received, including, without limitation, all requisite orders, certificates, consents and approvals from the West Virginia Infrastructure and Jobs Development Council and The County Commission of Putnam County. I express no opinion as to any orders or certificates which the Issuer is required to obtain from the Public Service Commission of West Virginia.

7. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Bonds and the Bond Legislation, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

8. I have verified that all successful bidders have made required provisions for all insurance and payment and performance bonds and I have reviewed such insurance policies or binders and such bonds for accuracy. I have reviewed the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project and verified that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Very truly yours,



Ralph W. Bassett, Jr., Esquire

LAW OFFICES
ROBERT R. RODECKER
BB&T SQUARE
300 SUMMERS STREET, SUITE 1230
POST OFFICE BOX 3713

CHARLESTON, WEST VIRGINIA 25337

March 7, 2002

ROBERT R. RODECKER
RODECKER@MINDSPRING.COM

JAMES V. KELSH
OF COUNSEL
KELSHLAW@YAHOO.COM

AREA CODE 304
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South Putnam Public Service District
Sewer Revenue Bonds, Series 2002 A
(United States Department of Agriculture) and
Sewer Revenue Bonds Series 2002 B
(West Virginia SRF Program)

South Putnam Public Service District
Scott Depot, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Steptoe & Johnson, PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am special counsel to South Putnam Public Service District, a public service district in Putnam County, West Virginia (the "Issuer"). As such counsel, I have represented the Issuer before the Public Service Commission of West Virginia in connection with the issuance of the above-referenced bonds, and the acquisition and construction of the Project. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

South Putnam Public Service District, et. al.
Page Two
March 7, 2002

1. The Issuer has received all orders, certificates and authorizations from the Public Service Commission of West Virginia necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the implementation of rates and charges, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the Order of the Public Service Commission of West Virginia entered February 25, 2002, in Case No. 01-0597-PSD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Order has not expired as of the date hereof. However, the parties to such Order have stated that they will not appeal such Order.

2. The Issuer has duly published a notice of the acquisition and construction of the Project, the issuance of the Bonds and related matters, as required under Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended, and has duly complied with the provisions thereof.

All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Very truly yours,


Robert R. Rodecker, Esquire

RALPH W. BASSETT, JR.

ATTORNEY AT LAW

1156 South Main Street

Milton, West Virginia 25541

Telephone: (304) 743-5573

Fax: (304) 743-1150 Toll Free: 1-800-720-9629

March 7, 2002

South Putnam Public Service District
P. O. Box 147
Scott Depot, West Virginia 25560

West Virginia Department of Environmental Protection
Charleston, West Virginia 25301

West Virginia Water Development Authority
Charleston, West Virginia 25311

Steptoe & Johnson, PLLC
Charleston, West Virginia 25322

RE: Final Title Opinion for South Putnam
Public Service District

Ladies and Gentlemen:

I am counsel to South Putnam Public Service District (the "Issuer") in connection with a proposed project to construct sewer lines and related appurtenances (the "Project"). I provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Department of Environmental Protection (the "DEP") for the Project. Please be advised of the following:

1. I am of the opinion that the Issuer is a duly created and validly existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the DEP.

2. The Issuer has obtained all necessary permits and approvals for the construction of the Project.

3. I have investigated and ascertained the location of, and I am familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by the following, consulting engineers for the Project:

- a. H. K. Bell Consulting Engineers, Inc. - Central Valley and Fraziers Bottom

b. Randolph Engineering, Inc. - Hollywood Drive

4. I have examined the records on file in the Office of the Clerk of the County Commission of Putnam County, West Virginia, the county in which the Project is to be located, and, in my opinion, the Issuer has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way, with the exception of those listed in Paragraph 5, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

5. The following listed properties are to be acquired by eminent domain and the necessary filings have been made in the Office of the Clerk of the Circuit Court of Putnam County, West Virginia, to permit the Issuer a right-of-entry for the purpose of construction, operation and maintenance of the Project on the subject properties. The Issuer's title thereto is defeasible in the event the Issuer does not satisfy any resulting judgment and/or award in the proceedings for acquisition of said properties, and my certification is subject to the following pending litigation:

<u>Name</u>	<u>Tax Map</u>	<u>Parcel</u>	<u>Case #</u>
William and Lois Baughman	223	197	02-C-37
John and Mary Caldwell	162	17	02-C-31
MacLand Partnership	214	44	02-C-69
Alvin and Nancy Caldwell	162	88	02-C-33
Robert and Loueva Fisher	223	193	02-C-30
Rodney and Jane Johnson	223	196	02-C-36
Kenneth and Glenna Ragle	224	11.1	02-C-32
John and Jean Shannon	223K	3	02-C-34
Amelia Smith	222E	65.2	02-C-35

South Putnam Public Service District
West Virginia Department of Environmental Protection
West Virginia Water Development Authority
Steptoe & Johnson, PLLC
March 7, 2002
Page 3

6. All deeds, easements and rights of way which have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of Putnam County to protect the legal title to and interest of the Issuer.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Ralph W. Bassett, Jr.", with a stylized flourish at the end.

Ralph W. Bassett, Jr.

RWB:pbs

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
FARM SERVICE AGENCY

FORM APPROVED
OMB NO. 0575-0147

FINAL TITLE OPINION

LOAN APPLICANT South Putnam Public Service District	ADDRESS OR PROPERTY COVERED BY THIS OPINION P. O. Box 147, Scott Depot, WV 25560	
APPLICANT FOR TITLE EXAMINATION South Putnam Public Service District	COUNTY Putnam	STATE West Virginia

- I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to March 4, 2002, at 4:00pm ~~AM~~ (including the time of filing the current security instrument).
(Date) p.m.
- II. Based on said title examination, my preliminary title examination if any, and any additional information concerning the title which has come to my attention, it is my opinion that:
- A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is now vested in South Putnam Public Service District,
No Exceptions
as Fee Owner
(Joint tenants, tenants by the entirety, etc.)
- B. The United States of America holds a valid Statutory lien on said property as required by Rural
(Priority) (Mortgage, etc.)
Development or the Farm Service Agency, or their successor (Agency), which lien was filed for record on ,
(Date)
 , at a.m. and is recorded in
p.m. (Book, page, and office)
- C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.
- III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing): N/A

- IV. The term "encumbrances, reservations, exceptions, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's, and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal, State, and local taxes, including county, school, improvement, water, drainage, sewer, inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal courts, (e) recorded covenants; conditions; restrictions; reservations; liens; encumbrances; easements; rights-of-way; leases; mineral, oil, gas, and geothermal rights (regardless of the right of surface entry); timber rights; water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.
- V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United States Department of Agriculture Agency which provided the assistance, and I assume liability to each hereunder.

MARCH 7, 2002
(Date)

Ralph W. Bassett, Jr.
Ralph W. Bassett, Jr. (Attorney's signature)

1156 South Main Street
Milton, West Virginia 25541
(Address, include ZIP Code)

Attachments

OPINION OF COUNSEL RELATIVE TO RIGHTS-OF-WAY

Date March 1, 2002

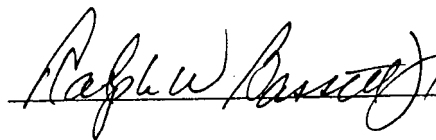
Dear Sir:

I have reviewed the action taken by South Putnam Public Service District (hereinafter called the "Corporation") in obtaining a right-of-way for the construction, operation, and maintenance of the facilities to be installed, repaired, or enlarged with the proceeds of a loan made or insured by, and/or a grant from Rural Development to the Corporation. I have examined the right-of-way instruments, permits, or licenses obtained from landowners, public bodies, and public utilities and made such searches of the public records necessary to determine the legal sufficiency of the instruments covered by the "Right-of-way Certificate," executed by the Corporation on various, 19 . I also have examined the "Right-of-way Map" to determine whether continuous and adequate land and rights-of-way are owned or have been acquired by the instruments covered in the "Right-of-way Certificate."

Based on the foregoing examination, and to the best of my knowledge, information, and belief, I am of the opinion that:

- A. The legal instruments by which the Corporation has acquired said rights-of-way (a) are in appropriate and due legal form and adequately confer upon the Corporation the necessary rights-of-way for the construction, operation, and maintenance of its facilities in their present or proposed location, and such omissions or defects as may exist will in no substantial way or manner endanger the value or operation of the facilities, and (b) have each been properly recorded in the appropriate public land records of each County in which any of the land affected thereby is situated. Such consents, releases, or subordinations from lienholders recommended by me or required by Rural Development have been obtained.
- B. The legal instruments referred to above give unto the Corporation a continuous and adequate right-of-way to permit the construction, operation, and maintenance of the Corporation's facilities except as below noted.
- C. Exceptions: None. Please note list of those with a right of entry and title pending the determination of value.

Very truly yours,



Attorney for South Putnam Public
Service District

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

LIST OF CONDEMNATIONS

		<u>Case No.</u>	<u>Right of Entry</u>
1. Baughman, William	R/W	C-37	02/11/02
2. Caldwell, Alvin	R/W	C-33	02/25/02
3. Caldwell, John	R/W	C-31	02/15/02
4. Fisher, Robert	R/W	C-30	03/01/02
5. Johnson, Rodney	R/W	C-36	03/01/02
6. Ragle, Kenneth	R/W	C-32	02/21/02
7. Shannon, John	R/W	C-34	02/21/02
8. Smith, Amelia	R/W	C-35	02/21/02

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002 A
(United States Department of Agriculture)

COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. AUTHORIZATION AND AWARD OF BONDS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES, ETC.
6. CERTIFICATION OF COPIES OF DOCUMENTS
7. INCUMBENCY AND OFFICIAL NAME, ETC.
8. DELIVERY AND PAYMENT AND USE OF PROCEEDS
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.
11. CONTRACTORS' INSURANCE, ETC.
12. CONNECTIONS, ETC.
13. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING
14. RATES
15. PUBLIC SERVICE COMMISSION ORDER
16. CONFLICT OF INTEREST
17. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and SECRETARY of the South Putnam Public Service District, in Putnam County, West Virginia (the "Issuer"), and the undersigned COUNSEL for the Issuer, acting for the Issuer and in its name, hereby state and certify in connection with the South Putnam Public Service District Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture), No. AR-1, dated the date hereof, fully registered, in the principal amount of \$7,078,000 (the "Series 2002 A Bonds"), as follows:

1. AUTHORIZATION AND AWARD OF BOND: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Series 2002 A Bonds has been duly awarded to the United States of America, acting by the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"), pursuant to a Letter of Conditions from the Purchaser, dated December 26, 2001, as amended and as appears in Section 7.03 of the

Resolution of the Issuer duly adopted on March 5, 2002, and the Supplemental Resolution duly adopted on March 5, 2002, authorizing issuance of the Series 2002 A Bonds (collectively, the "Resolution" or "Bond Resolution"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning as defined in the Bond Resolution when used herein. The Series 2002 A Bonds are being issued on this date to finance a portion of the cost of the acquisition and construction of the Project, herein defined and described, located within the boundaries of the Issuer.

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance and delivery of the Series 2002 A Bonds or receipt of any grant monies, if any, committed for the System, hereinafter defined; nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2002 A Bonds; nor in any way questioning or affecting the validity of the grants, if any, committed for the System or the validity of the Series 2002 A Bonds or any provisions made or authorized for the payment thereof, including, without limitation, the pledge or application of any monies or security therefor; nor questioning the existence, powers or proceedings of the Issuer or the Board of the Issuer (the "Governing Body") or the title of the members and officers thereof to their respective offices; nor questioning the acquisition, construction or operation of the existing public sewerage system of the Issuer (the "Project"), a portion of the cost of which is being financed out of the proceeds of sale of the Series 2002 A Bonds; nor questioning the rates and charges provided for services of the System.

3. GOVERNMENTAL APPROVALS: All applicable and necessary approvals, permits, authorizations, registrations, exemptions, consents and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2002 A Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the System were solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval by the Purchaser of a loan to assist in the acquisition and construction of the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2002 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's Sewer Revenue Bonds, Series 2002 B, issued simultaneously herewith, the Sewer Revenue Bonds, Series 1979, dated September 12, 1980, issued in the original aggregate principal amount of \$2,200,000 (the "Series 1979 Bonds"), the Sewer Revenue Bond, Series 1983, dated August 1, 1983, issued in the original aggregate principal amount of \$750,000 (the "Series 1983 Bonds"), and the Sewer Revenue Bonds, Series 1995, dated May 2, 1995,

issued in the original aggregate principal amount of \$1,300,000 (the "Series 1995 Bonds"), all held by the Purchaser (hereinafter defined). The Series 1979 Bonds, the Series 1983 Bonds and the Series 1995 Bonds are sometimes hereinafter collectively referred to as the "Prior Bonds."

The Series 2002 A Bonds shall be issued on a parity with the Series 2002 B Bonds and the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2002 A Bonds, the Issuer will obtain the written consent of the holder of the Prior Bonds to the issuance of the Series 2002 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenue or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

5. SIGNATURES, ETC.: The undersigned Chairman and Secretary did, for the Issuer on the date hereof, officially execute and seal the Series 2002 A Bonds with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures and said officers are the duly elected or appointed (as applicable), qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Series 2002 A Bonds for the Issuer.

6. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended or changed in any way unless modification appears from later documents also listed below:

Bond Resolution

Supplemental Resolution

USDA Loan Resolution for Series 2002 A Bonds

Loan Agreement for Series 2002 B Bonds

Public Service Commission Order

Infrastructure and Jobs Development Council Approval

County Commission Orders Regarding Creation and Expansion
of the District and Consenting Resolutions of City of Hurricane

County Commission Orders of Appointment and Oaths of Office
of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Borrowing

Minutes of Current Year Organizational Meeting

Affidavit of Publication of Notice of Public Hearing

Minutes on Adoption of Bond Resolution and
Supplemental Resolutions

NPDES Permit

USDA Letter of Conditions, with all amendments

Treatment Agreement with Town of Eleanor

7. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "South Putnam Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Putnam County and presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of 3 duly appointed, qualified and acting members whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Calvin L. Hatfield	August 31, 1997	August 31, 2003
Leff Moore	September 1, 1999	August 31, 2005
Jerry Kelley	August 28, 2001	August 28, 2007

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2002 are as follows:

Chairman	-	Leff Moore
Secretary	-	R. Jane Carte
Treasurer	-	Calvin L. Hatfield

The duly appointed and acting counsel to the Issuer is Ralph W. Bassett, Milton, West Virginia. The duly appointed special counsel to the Issuer is Robert R. Rodecker, Charleston, West Virginia.

8. DELIVERY AND PAYMENT AND USE OF PROCEEDS: On the date hereof, the Series 2002 A Bonds were delivered to the Purchaser at Scott Depot, West Virginia, by the undersigned Chairman for the purposes set forth herein, and at the time of such delivery, the Series 2002 A Bonds have been duly and fully executed and sealed on behalf of the Issuer in accordance with the Resolution.

At the time of delivery of the Series 2002 A Bonds, the undersigned Chairman received \$327,588.48, being a portion of the principal amount of the Series 2002 A Bonds. Further advances of the balance of the principal amount of the Series 2002 A Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

The Series 2002 A Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 5.0% per annum is payable from the date of each respective advance.

The Series 2002 A Bonds and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes.

9. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition, construction, operation and maintenance of the Project and the System have been acquired or can and will be acquired by purchase, or if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Series 2002 A Bonds.

10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the acquisition, construction, operation and financing of the Project and the System were authorized or adopted at meetings of the

Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including particularly and without limitation, Chapter 6, Article 9A of the official West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed (as applicable), qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

11. CONTRACTORS' INSURANCE, ETC.: All contractors will be required to maintain Workers' Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Letter of Conditions and Commitment of the Purchaser, as amended, and the Resolution.

12. CONNECTIONS, ETC.: The Issuer has provided evidence that there will be at least 8,900 bona fide users to be served by the System upon the completion of the Project, in full compliance with the requirements and conditions of the Purchaser.

13. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING: The Issuer has published any required notice with respect to, among other things, the acquisition and construction of the Project, anticipated user rates and charges, the issuance of the Bonds and filing of a formal application for a certificate of public convenience and necessity with the Public Service Commission of West Virginia, in accordance with Chapter 16, Article 13A, Section 25 of the Official West Virginia Code of 1931, as amended.

14. RATES: The Issuer has received the Order of the Public Service Commission of West Virginia entered on February 25, 2002, in Case No. 01-0597-PSD-CN, approving the rates and charges for the services of the System. Counsel to the Issuer expresses no opinion as to this paragraph 11.

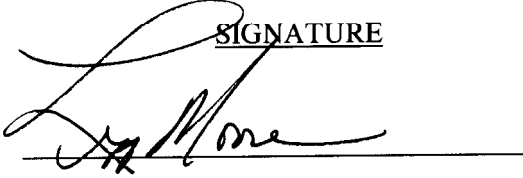


15. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Order of the Public Service Commission of West Virginia entered on February 25, 2002, in Case No. 01-0597-PSD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project, and approving the financing for the Project. The time for appeal of such Order has not expired prior to the date hereof. The Commission has stated, and the Issuer hereby states, that they shall not appeal such Order. Counsel to the Issuer expresses no opinion as to this paragraph 12.

16. CONFLICT OF INTEREST: No officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Series 2002 A Bonds, the Bond Resolution and/or the Project, including, without limitation, with respect to the Depository Bank, as defined in the Bond Resolution. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

17. EXECUTION OF COUNTERPARTS: This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

WITNESS our signatures and the official corporate seal of the SOUTH
PUTNAM PUBLIC SERVICE DISTRICT on this 7th day of March, 2002.

[CORPORATE SEAL]

<u>SIGNATURE</u>	<u>OFFICIAL TITLE</u>
	Chairman
	Secretary
	Counsel to Issuer

03/04/02
847280.00001

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002 B
(West Virginia SRF Program)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENT
11. RATES
12. SIGNATURES AND DELIVERY
13. BOND PROCEEDS
14. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING
15. PUBLIC SERVICE COMMISSION ORDER
16. SPECIMEN BONDS
17. CONFLICT OF INTEREST
18. CLEAN WATER ACT
19. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and SECRETARY of the South Putnam Public Service District in Putnam County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the ISSUER, hereby certify in connection with the Issuer's Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), dated the date hereof (the "Series 2002 B Bonds" or the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Resolution of the Issuer duly adopted March 5, 2002, and the Supplemental Resolution duly adopted March 5, 2002 (collectively, the "Bond Legislation").

2. **NO LITIGATION:** No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Net Revenues, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other monies or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection of the Gross Revenues or the pledge of Net Revenues as security for the Bonds.

3. **GOVERNMENTAL APPROVALS AND BIDDING:** All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. **NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS:** There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2002 B Bonds as to liens, pledge, source of and security for payment, being the Issuer's (i) Sewer Revenue Bonds, Series 2002 A, issued simultaneously herewith in the original aggregate principal amount of \$7,078,000 (the "Series 2002 A Bonds"), (ii) Sewer Revenue Bonds, Series 1979, dated September 12, 1980, issued in the original aggregate principal amount of \$2,200,000 (the "Series 1979 Bonds"), (iii) Sewer Revenue Bond, Series 1983, dated August 1, 1983, issued in the original aggregate principal amount of \$750,000 (the "Series 1983 Bonds"), and (iv) Sewer Revenue Bonds, Series 1995, dated May 2, 1995, issued in the original aggregate principal amount of \$1,300,000 (the "Series 1995 Bonds"), all held by the Purchaser (hereinafter defined). The Series 1979 Bonds, the Series 1983 Bonds and the Series 1995 Bonds are sometimes hereinafter collectively referred to as the "Prior Bonds."

The Series 2002 B Bonds shall be issued on a parity with the Series 2002 A Bonds and the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2002 B Bonds, the Issuer will obtain the written consent of the holder of the Series 2002 A Bonds and the Prior

Bonds to the issuance of the Series 2002 B Bonds on a parity with the Prior Bonds. Other than the Series 2002 A Bonds and the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenue or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

5. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended or changed in any way unless modification appears from later documents also listed below:

Bond Resolution

Supplemental Resolution

USDA Loan Resolution for Series 2002 A Bonds

Loan Agreement for Series 2002 B Bonds

Public Service Commission Order

Infrastructure and Jobs Development Council Approval

County Commission Orders Regarding Creation and Expansion
of the District and Consenting Resolutions of City of Hurricane

County Commission Orders of Appointment and Oaths of Office
of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Borrowing

Minutes of Current Year Organizational Meeting

Affidavit of Publication of Notice of Public Hearing

Minutes on Adoption of Bond Resolution and
Supplemental Resolution

NPDES Permit

USDA Letter of Conditions, with all amendments

USDA Consent to Issuance of Parity Bonds

Treatment Agreement with Town of Eleanor

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "South Putnam Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Putnam County and presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of 3 duly appointed, qualified and acting members whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Calvin L. Hatfield	August 31, 1997	August 31, 2003
Leff Moore	September 1, 1999	August 31, 2005
Jerry Kelley	August 28, 2001	August 28, 2007

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2002 are as follows:

Chairman	-	Leff Moore
Secretary	-	R. Jane Carte
Treasurer	-	Calvin L. Hatfield

The duly appointed and acting counsel to the Issuer is Ralph W. Bassett, Milton, West Virginia. The duly appointed special counsel to the Issuer is Robert R. Rodecker, Charleston, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

8. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction and financing of the Project or the operation of the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation and Loan Agreements is in full force and effect.

10. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the dates of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading; and (iv) the Issuer is in compliance with the Loan Agreement.

11. RATES: The Issuer has received the Order of the Public Service Commission of West Virginia entered on February 25, 2002, in Case No. 01-0597-PSD-CN, approving the rates and charges for the services of the System. Counsel to the Issuer expresses no opinion as to this paragraph 11.

12. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, dated the date hereof, by his or her manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon said Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal of the Issuer is also impressed above the signatures appearing on this certificate.

13. BOND PROCEEDS: On the date hereof, the Issuer received \$852,695 from the Authority and the Board, being a portion of the principal amount of the Series 2002 B Bonds. The balance of the principal amount of the Series 2002 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

14. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING: The Issuer has published the required notice with respect to, among other things, the acquisition and construction of the Project, anticipated user rates and charges, the issuance of the Bonds and filing of a formal application for a certificate of public convenience and necessity with the Public Service Commission of West Virginia, in accordance with Chapter 16, Article 13A, Section 25 of the Official West Virginia Code of 1931, as amended.

15. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Order of the Public Service Commission of West Virginia entered on February 25, 2002, in Case No. 01-0597-PSD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project, and approving the financing for the Project. The time for appeal of such Order has not expired prior to the date hereof. The Commission has stated, and the Issuer hereby states, that they shall not appeal such Order. Counsel to the Issuer expresses no opinion as to this paragraph 12.

16. SPECIMEN BONDS: Delivered concurrently herewith is a true and accurate specimen of the Bonds.

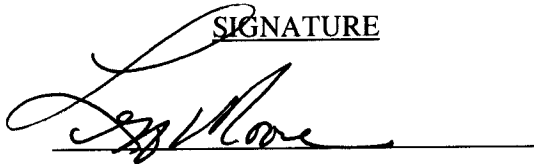
17. CONFLICT OF INTEREST: No member, officer or employee of the Issuer or the Board has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

18. CLEAN WATER ACT: The Project as described in the Bond Ordinance complies with Sections 208 and 303(e) of the Clean Water Act.

19. EXECUTION OF COUNTERPARTS: This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

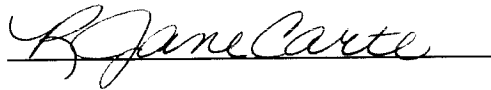
WITNESS our signatures and the official seal of the SOUTH PUTNAM
PUBLIC SERVICE DISTRICT on this 7th day of March, 2002.

[CORPORATE SEAL]

SIGNATURE


OFFICIAL TITLE

Chairman



Secretary



Counsel to the Issuer

02/27/02
847280.00001

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002 A
(United States Department of Agriculture) and
Sewer Revenue Bonds, Series 2002 B
(West Virginia SRF Program)

CERTIFICATE OF ENGINEER

I, Ronald C. McMaine, Registered Professional Engineer, West Virginia License No. 12321, of Howard K. Bell Consulting Engineers, Inc., Lexington, Kentucky, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of improvements and extensions to the existing public sewerage system (the "Project") of the South Putnam Public Service District (the "Issuer") to be constructed primarily in Putnam County, West Virginia, consisting of Central Valley Interceptor, Gravity Sewer and Force Main, and Central Valley Interceptor Sewage Pump Stations in and around Teays Valley, Fraziers Bottom-Putnam Business Park, Gravity Sewer and Force Main and Fraziers Bottom-Putnam Business Park Sewage Pump Stations in and around Fraziers Bottom, and Central Valley Interceptor and Fraziers Bottom-Putnam Business Park Telemetry, which acquisition and construction are being permanently financed by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on March 5, 2002, as supplemented by the Supplemental Resolution adopted by the Issuer on March 5, 2002, the Letter of Conditions of the Rural Utilities Service (the "RUS") for the Series 2002 A Bonds, dated December 26, 2001, as amended (the "Letter of Conditions"), and the Loan Agreement for the Series 2002 B Bonds, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), dated February 19, 2002 (the "Loan Agreement").

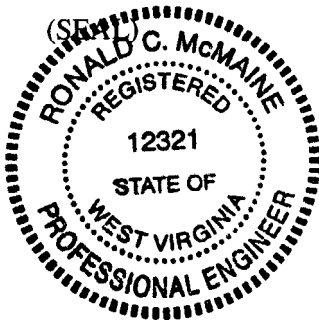
2. The Bonds are being issued for the purposes of (i) paying the costs of acquisition and construction of the Project; and (ii) paying costs of issuance and related costs.

3. To the best of our knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by RUS, the Authority and the DEP, and any change orders approved by the Issuer, RUS, the DEP, the Authority, and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least forty years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer

has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule A's attached hereto as Exhibit A and the Issuer's counsel, Ralph W. Bassett, Jr., Esquire, will, prior to the Issuer executing the construction contracts for the Project, ascertain that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (ix) in reliance upon the certificate of the Issuer's certified public accountant, Ralph W. Bassett, Jr., CPA, as of the effective date thereof, the rates and charges for the System as adopted by the Issuer and approved by the Public Service Commission of West Virginia will be sufficient to comply with the provisions of the Letter of Conditions and the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by RUS, the Authority and the DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 7th of March, 2002.

HOWARD K. BELL CONSULTING
ENGINEERS, INC.



Ronald C. McMaine
Ronald C. McMaine, P.E.
West Virginia License No. 12321

02/27/02
847280.00001

SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: WVDEP - SRF

ESTIMATED TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. Cost of Project	
1. Construction	\$ <u>0</u>
2. Technical Services	\$ <u>1,422,000</u>
3. Legal and Fiscal	\$ <u>0</u>
4. Administrative	\$ <u>0</u>
5. Site and Other Lands	\$ <u>0</u>
6. Fac. Plan/Design or Other Loan Repaymant (Specify Type: _____)	\$ <u>0</u>
7. Interim Financing Costs	\$ <u>0</u>
8. Contingency	\$ <u>0</u>
9. Miscellaneous	\$ <u>0</u>
10. Total of Lines 1 Through 9	\$ <u>1,422,000</u>

B. Sources of Funds	
1. Federal Grants: ¹ _____ (Specify Sources) _____	\$ <u>n/a</u>
2. State Grants: ¹ _____ (Specify Sources) _____	\$ <u>n/a</u>
3. Other Grants: ¹ _____ (Specify Sources) _____	\$ <u>n/a</u>
4. Any Other Source: ¹ _____ (Specify) _____	\$ <u>n/a</u>
5. Total of Lines 11 Through 14	\$ <u>0</u>
6. Net Proceeds Required from Bond Issue (Line 10 minus Line 15)	\$ <u>1,422,000</u>

C. Cost of Financing	
7. Bond Council	\$ <u>0</u>
8. Funded Reserve Account: ² _____	\$ <u>0</u>
9. Total Cost of Financing (lines 17 + 18)	\$ <u>0</u>
10. Size of Bond Issue (Line 16 plus Line 19)	\$ <u>1,422,000</u>

not allowable for State Revolving Fund Assistance
WDA loans associated with EPA grants are not allowable

Paul D. Stedley
Signature of Applicant

Ron McMenis, P.E.
Signature of Consulting Engineer

Dec 28, 2001

Date Dec 27, 2001

SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: USDA-RUS

ESTIMATED TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

	A. Cost of Project	
1. Construction	\$ 6,600,000	
2. Technical Services	\$ 0	
3. Legal and Fiscal	\$ 190,000	
4. Administrative	\$ included with #3	
5. Site and Other Lands	\$ 120,000	
6. Fac. Plan/Design or Other Loan Repayment (Specify Type: _____)	\$ 0	
7. Interim Financing Costs	\$ 0	
8. Contingency	\$ 615,000	
9. Miscellaneous	\$ 553,000	
0. Total of Lines 1 Through 9		\$7,078,000

	B. Sources of Funds	
1. Federal Grants: ¹ _____ (Specify Sources) _____	\$ n/a	
2. State Grants: ¹ _____ (Specify Sources) _____	\$ n/a	
Other Grants: ¹ _____ (Specify Sources) _____	\$ n/a	
4. Any Other Source: ² _____ (Specify) _____	\$ n/a	
5. Total of Lines 11 Through 14		\$ 0
5. Net Proceeds Required from Bond Issue (Line 10 minus Line 15)		\$ 7,078,000

	C. Cost of Financing	
7. Bond Council	\$ included with #3	
8. Funded Reserve Account: ³ _____	\$ 0	
3. Total Cost of Financing (lines 17 + 18)		\$ 7,078,000
3. Size of Bond Issue (Line 16 plus Line 19)		\$ 7,078,000

not allowable for State Revolving Fund Assistance
WDA loans associated with EPA grants are not allowable

Paul D. Straley
Signature of Applicant

Ron McManis, P.E.
Signature of Consulting Engineer

le Dec 28, 2001

Date Dec 27, 2001

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002 A
(United States Department of Agriculture) and
Sewer Revenue Bonds, Series 2002 B
(West Virginia SRF Program)

CERTIFICATE OF ENGINEER

I, Roger K. Randolph, Registered Professional Engineer, West Virginia License No. 6246, of Randolph Engineering Company, Inc., Scott Depot, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of improvements and extensions to the existing public sewerage system (the "Project") of the South Putnam Public Service District (the "Issuer") to be constructed primarily in Putnam County, West Virginia, consisting of sanitary sewer collection line extensions to Hollywood Drive and Teays Valley Road, which acquisition and construction are being permanently financed by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on March 5, 2002, as supplemented by the Supplemental Resolution adopted by the Issuer on March 5, 2002, the Letter of Conditions of the Rural Utilities Service (the "RUS") for the Series 2002 A Bonds, dated December 26, 2001, as amended (the "Letter of Conditions"), and the Loan Agreement for the Series 2002 B Bonds, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), dated February 19, 2002 (the "Loan Agreement").

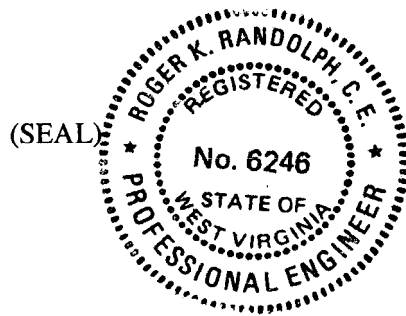
2. The Bonds are being issued for the purposes of (i) paying the costs of acquisition and construction of the Project; and (ii) paying costs of issuance and related costs.


3. To the best of our knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by RUS, the Authority and the DEP, and any change orders approved by the Issuer, RUS, the DEP, the Authority, and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least forty years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule A's attached hereto as Exhibit A and the Issuer's counsel, Ralph W. Bassett, Jr., Esquire, will, prior to

the Issuer executing the construction contracts for the Project, ascertain that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (ix) in reliance upon the certificate of the Issuer's certified public accountant, Ralph W. Bassett, Jr., CPA, as of the effective date thereof, the rates and charges for the System as adopted by the Issuer and approved by the Public Service Commission of West Virginia will be sufficient to comply with the provisions of the Letter of Conditions and the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by RUS, the Authority and the DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 7th of March, 2002.

RANDOLPH ENGINEERING COMPANY, INC.




Roger K. Randolph, P.E.
West Virginia License No. 6246

02/27/02
847280.00001

SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: WVDEP - SRF

ESTIMATED TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. Cost of Project	
1. Construction	\$ <u>0</u>
2. Technical Services	\$ <u>1,422,000</u>
3. Legal and Fiscal	\$ <u>0</u>
4. Administrative	\$ <u>0</u>
5. Site and Other Lands	\$ <u>0</u>
6. Fac. Plan/Design or Other Loan Repayment (Specify Type: _____)	\$ <u>0</u>
7. Interim Financing Costs	\$ <u>0</u>
8. Contingency	\$ <u>0</u>
9. Miscellaneous	\$ <u>0</u>
10. Total of Lines 1 Through 9	\$ <u>1,422,000</u>

B. Sources of Funds	
1. Federal Grants: ¹ _____	\$ <u>n/a</u>
(Specify Sources) _____	\$ _____
2. State Grants: ¹ _____	\$ <u>n/a</u>
(Specify Sources) _____	\$ _____
3. Other Grants: ¹ _____	\$ <u>n/a</u>
(Specify Sources) _____	\$ _____
4. Any Other Source: ¹ _____	\$ <u>n/a</u>
(Specify) _____	\$ _____
5. Total of Lines 11 Through 14	\$ <u>0</u>
6. Net Proceeds Required from Bond Issue (Line 10 minus Line 15)	\$ <u>1,422,000</u>

C. Cost of Financing	
7. Bond Council	\$ <u>0</u>
8. Funded Reserve Account: ³ _____	\$ <u>0</u>
9. Total Cost of Financing (lines 17 + 18)	\$ <u>0</u>
10. Size of Bond Issue (Line 16 plus Line 19)	\$ <u>1,422,000</u>

not allowable for State Revolving Fund Assistance
WDA loans associated with EPA grants are not allowable

Paul D. Stedley
Signature of Applicant

Ron McMenie, P.E.
Signature of Consulting Engineer

Dec 28, 2001

Date Dec 27, 2001

SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: USDA-RUS

ESTIMATED TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

	<u>A. Cost of Project</u>	
1. Construction	\$ 6,600,000	
2. Technical Services	\$ 0	
3. Legal and Fiscal	\$ 190,000	
4. Administrative	\$ included with #3	
5. Site and Other Lands	\$ 120,000	
6. Fac. Plan/Design or Other Loan Repayment (Specify Type: _____)	\$ 0	
7. Interim Financing Costs	\$ 0	
8. Contingency	\$ 615,000	
9. Miscellaneous	\$ 553,000	
10. Total of Lines 1 Through 9		\$7,078,000

	<u>B. Sources of Funds</u>	
1. Federal Grants: ¹ _____ (Specify Sources) _____	\$ n/a	
2. State Grants: ¹ _____ (Specify Sources) _____	\$ n/a	
3. Other Grants: ¹ _____ (Specify Sources) _____	\$ n/a	
4. Any Other Source: ² _____ (Specify) _____	\$ n/a	
5. Total of Lines 11 Through 14		\$ 0
6. Net Proceeds Required from Bond Issue (Line 10 minus Line 15)		\$ 7,078,000

	<u>C. Cost of Financing</u>	
7. Bond Council	\$ included with #3	
8. Funded Reserve Account: ³ _____	\$ 0	
9. Total Cost of Financing (lines 17 + 18)		\$ 7,078,000
10. Size of Bond Issue (Line 16 plus Line 19)		\$ 7,078,000

not allowable for State Revolving Fund Assistance
WDA loans associated with EPA grants are not allowable

Paul D. Stetley
Signature of Applicant

Ron McManis, P.E.
Signature of Consulting Engineer

1e Dec 28, 2001

Date Dec 27, 2001

RALPH W. BASSETT, JR.
CERTIFIED PUBLIC ACCOUNTANT

1156 South Main Street
Milton, West Virginia 25541
Telephone: (304) 743-5573
Fax: (304) 743-1150 Toll Free: 1-800-720-9629

March 7, 2002

South Putnam Public Service District
Sewer Revenue Bonds, Series 2002 A
(United States Department of Agriculture) and
Sewer Revenue Bonds, Series 2002 B
(West Virginia SRF Program)

South Putnam Public Service District
Scott Depot, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

West Virginia Water Development
Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the Order of the Public Service Commission of West Virginia entered February 25, 2002, in Case No. 01-0597-PSD-CN, and projected operation and maintenance expenses and anticipated customer usage as furnished to me by Howard K. Bell Consulting Engineers, Inc. and Randolph Engineering Company, Inc., it is my opinion that such rates and charges will be sufficient to provide revenues to pay all operating expenses of the System and to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture) and the Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program) (collectively, the "Series 2002 Bonds"), to be issued in the aggregate principal amount of \$8,500,000 on the date hereof, and all other obligations secured by or payable from the revenues of the System on a parity with the Bonds, including the Issuer's Sewer Revenue Bonds, Series 1979, Sewer Revenue Bonds, Series 1983 and Sewer Revenue Bonds, Series 1995 (collectively, the "Prior Bonds").

It is further my opinion that such rates and charges will be sufficient to provide net revenues for the fiscal year following the year in which the Series 2002 Bonds are to be issued will be at least 115% of the average annual debt service requirements on the Series 2002 Bonds and the Prior Bonds.

Very truly yours,



RALPH W. BASSETT, JR., CPA

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002 B
(West Virginia SRF Program)

CERTIFICATE AS TO ARBITRAGE FOR SERIES 2002 B BONDS

The undersigned Chairman of the Public Service Board of South Putnam Public Service District in Putnam County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$1,422,000 aggregate principal amount of Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), of the Issuer, dated March 7, 2002 (the "Bonds" or the "Series 2002 B Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"). I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meaning as set forth in the Bond Resolution duly adopted by the Issuer on March 5, 2002, as supplemented (the "Bond Resolution"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

3. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer that may not certify its bonds or the certification of which may not be relied upon by holders of obligations of the Issuer or that there is any disqualification of the Issuer by the Internal Revenue Service because a certification made by the Issuer contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on March 7, 2002, the date on which the Bonds are to be physically delivered in exchange for more than a de minimus amount of the principal of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Bonds) so that the interest on the Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion. The Issuer has, therefore, covenanted to not intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Sections 103 and 148 of the Code.

6. The Series 2002 B Bonds were sold on March 7, 2002, to the West Virginia Water Development Authority (the "Authority") pursuant to a loan agreement dated February 19, 2002, by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), for an aggregate purchase price of \$1,422,000 (100% of par value), at which time, the Issuer received \$852,695 from the Authority and the DEP. The balance of the principal amount of the Series 2002 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

7. The Series 2002 B Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) paying costs of issuance of the Bonds and related costs.

8. The Issuer shall, on the date hereof or immediately hereafter, enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds for the acquisition and construction of the Project, constituting a substantial binding commitment, or has already done so. Acquisition, construction and equipping of the Project and allocation of the net sale proceeds of the Bonds to expenditures of the Project will commence immediately and will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the reserve account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before June 7, 2003, except as otherwise required for rebate to the United States under Section 148(f) of the Code. Acquisition and construction of the Project is expected to be completed by March 7, 2003.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at \$1,422,000. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of the Series 2002 B Bonds	<u>1,422,000.00</u>
Total Sources	<u>\$ 1,422,000.00</u>

USES

Acquisition and Construction of Project	<u>\$ 1,422,000.00</u>
Total Uses	<u>\$ 1,422,000.00</u>

Except for the proceeds of the Bonds, no other funds of the Issuer will be available to meet costs of the Project, which would constitute "replacement proceeds" within the meaning of Treas. Reg. § 1.148-1(c), inasmuch as (i) the Issuer does not reasonably expect that the term of the Bonds is longer than is reasonably necessary for the governmental purposes of the Issuer, (ii) the weighted average maturity of the Bonds does not exceed 120% of the average expected economic life of the Project, and (iii) there are no amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Bonds were not used or to be used for that governmental purpose.

10. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued:

- (1) Revenue Fund (established by the Prior Resolutions);
- (2) Renewal and Replacement Fund (resulting from the combination with the Depreciation Reserve established by the Prior Resolutions);
- (3) Series 2002 Bonds Construction Trust Fund; and
- (4) Rebate Fund.
- (5) Series 2002 B Bonds Sinking Fund; and
- (6) Series 2002 B Bonds Reserve Account.

11. Pursuant to Article VI of the Bond Resolution, the proceeds of the Bonds will be deposited as follows:

- A. As the Issuer receives advances of the monies derived from the sale of the Series 2002 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2002 Bonds Construction Trust Fund and applied solely to payment of costs of the Project as set forth in the Bond Resolution.

Amounts in the Series 2002 Bonds Construction Trust Fund, if invested, will be invested without yield limitation for a period necessary to complete the Project, not to exceed 3 years. All of such monies are necessary for such purpose.

None of the proceeds of the Bonds will be used to reimburse the Issuer for costs of the Project previously incurred and paid by the Issuer with its own funds.

12. Monies held in the Series 2002 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2002 B Bonds, and will not be available to meet costs of acquisition and construction of the Project. Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on monies in the Series 2002 B Bonds Sinking Fund and the Series 2002 B Bonds Reserve Account will be withdrawn therefrom, not less than once each year, and, during construction of the Project, deposited into the Series 2002 Bonds Construction Trust Fund, and following completion of construction of the Project, will be deposited in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

13. Except for the Series 2002 B Bonds Sinking Fund and the Series 2002 B Bonds Reserve Account there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Series 2002 B Bonds, or which are pledged as collateral for the Series 2002 B Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Series 2002 B Bonds, if the Issuer encounters financial difficulties. The Issuer does not expect that monies in the Renewal and Replacement Fund will be used or needed for payments upon the Series 2002 B Bonds, and because such amounts may be expended for other purposes, there is no reasonable assurance that such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved desegregation plan or other investment property producing a yield in excess of the yield on the Series 2002 B Bonds, have been or will be pledged to payment of the Series 2002 B Bonds. Less than 10% of the proceeds of the Series 2002 B Bonds, if any, will be deposited in the

Series 2002 B Bonds Reserve Account and or any other reserve or replacement fund. The amounts deposited in the Series 2002 B Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Series 2002 B Bonds, and will not exceed 125% of average annual principal and interest on the Series 2002 B Bonds. Amounts in the Series 2002 B Bonds Reserve Account, not to exceed 10% of the proceeds of the Series 2002 B Bonds, if invested, will be invested without yield limitation. The establishment of the Series 2002 B Bonds Reserve Account is required by the Authority, is vital to its purchase of the Series 2002 B Bonds, and is reasonably required to assure payments of debt service on the Series 2002 B Bonds.

14. The Issuer shall, on the date hereof or immediately hereafter, enter into a contract for the construction of the Project, and the amount to be expended pursuant to such contract exceeds 5% of the net sale proceeds of the Bonds.

15. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. Acquisition and construction of the Project is expected to be completed within 12 months.

16. The Issuer will comply with the provisions of the Code, for which the effective date precedes the date of delivery of its Bonds to the Authority.

17. With the exception of the amount deposited in the Series 2002 B Bonds Sinking Fund for payment of interest on the Bonds, if any, and amounts deposited in the Series 2002 B Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 15 months from the date of issuance thereof.

18. The Series 2002 B Bonds Sinking Fund (other than the Series 2002 B Bonds Reserve Account therein) is intended primarily to achieve a proper matching of payments of debt service on the Series 2002 B Bonds each year. The Series 2002 B Bonds Sinking Fund (other than the Series 2002 B Bonds Reserve Account therein) will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Series 2002 B Bonds, or 1 year's interest earnings on the Series 2002 B Bonds Sinking Fund (other than the Series 2002 B Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 2002 B Bonds Sinking Fund for payment of the principal of or interest on the Series 2002 B Bonds (other than the Series 2002 B Bonds Reserve Account therein), will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation, and any monies received from the investment of amounts held in the Series 2002 B Bonds Sinking Fund (other than in the Series 2002 B Bonds Reserve Account therein) will be spent within a 1-year period beginning on the date of receipt.

19. All proceeds of the Bonds which will be used for the payment of costs of the Project will be expended for such purposes within three years of March 7, 2002.

20. The amount designated as cost of issuance of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds.

21. All property financed with the proceeds of the Bonds will be held for federal income tax purposes by (or on behalf of) a qualified governmental unit.

22. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Ogden, Utah 84201.

23. No more than 10% of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of Bonds or \$5,000,000 have been or will be used to make or finance loans to, any person who is not a governmental unit.

24. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue, except to the extent any such proceeds are required for rebate to the United States.

25. The Issuer shall use the Bond proceeds solely for the costs of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

26. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and the Treasury Regulations promulgated or to be promulgated thereunder in order to assure that the interest on the Bonds is excluded from gross income for federal income tax purposes.

27. The Bonds are not, and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

28. The Issuer will rebate to the United States the amount, if any, required by the Code and take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay the required rebate amount and any and all penalties and other amounts from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

29. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure compliance with Section 148(f) of the Code or as may otherwise be necessary to assure the exclusion of

interest on the Bonds from the gross income for federal income tax purposes of interest on the Bonds.

30. The Issuer shall comply with the yield restriction on Bond proceeds as set forth in the Code.

31. The Issuer has either (a) funded the Series 2002 B Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Series 2002 B Bonds in the then current or any succeeding year with the proceeds of the Series 2002 B Bonds, or (b) created the Series 2002 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10 year period until such Series 2002 B Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Series 2002 B Bonds in the then current or any succeeding year. Monies in the Series 2002 B Bonds Reserve Account and the Series 2002 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2002 B Bonds and will not be available to pay costs of the Project.

32. The Issuer shall submit to the Authority within 15 days following the end of each bond year a certified copy of its rebate calculation and a certificate with respect thereto or, if the Issuer qualifies for the small governmental issuer exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the bond year which would make the Bonds subject to rebate.

33. The Issuer expects that no part of the Project financed by the Bonds will be sold or otherwise disposed of prior to the last maturity date of the Bonds.

34. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds and the interest thereon. In addition, the Issuer has covenanted to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and has covenanted to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of the Resolutions authorizing issuance of the Bonds.

The Issuer has further covenanted to calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which shall be paid from investment earnings on the underlying fund or

account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. The Issuer has further covenanted to pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor.

35. The Bonds are each a fixed yield issue. No interest or other amount payable on the Bonds (other than in the event of an unanticipated contingency) is determined by reference to (or by reference to an index that reflects) market interest rates or stock or commodity prices after the date of issue.

36. None of the Bonds has a yield-to-maturity more than one-fourth of one percent higher than the yield on the Bond determined by assuming the Bond is retired on the date that when used in computing the yield on the Bond produces the lowest yield.

37. No portion of the proceeds of the Bonds will be used, directly or indirectly, to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

38. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

39. Except for a reasonable temporary period until such proceeds are needed for the purpose for which such issue was issued or as otherwise allowed, no portion of the proceeds of the Bonds will be used, directly or indirectly, to acquire higher yielding investments, or to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

40. The transaction contemplated herein does not represent an exploitation of the difference between taxable and tax-exempt interest rates and the execution and delivery of the Bonds is not occurring sooner than otherwise necessary, nor are the Bonds in principal amounts greater than otherwise necessary or to be outstanding longer than otherwise necessary.

41. On the basis of the foregoing, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

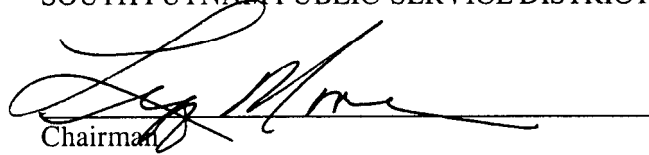
42. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

43. Steptoe & Johnson PLLC is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bonds.

44. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

WITNESS my signature on this 7th day of March, 2002.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT



Chairman

03/01/02
847280.00001

A resolution and order fixing a date of hearing on the creation of a proposed public service district within Putnam County, West Virginia; and providing for the publication of a notice of such hearing.

WHEREAS, there has heretofore been filed in the office of the Clerk of the County Court of Putnam County, West Virginia, a petition to this County Court, for the creation of a public service district within Putnam County, West Virginia; and

WHEREAS, said County Court Clerk has presented such petition to this County Court at this meeting; and

WHEREAS, Pursuant to the provisions of Article 13A of Chapter 16 of the West Virginia Code this County Court upon presentation of such petition is required to fix a date of hearing on the creation of the proposed public service district:

NOW, THEREFORE, Be It and It Is Hereby Resolved and Ordered by the County Court of Putnam County, West Virginia, as follows:

Section 1. That the County Court of Putnam County, West Virginia hereby finds and declares that there has been filed in the office of the County Court Clerk and presented by said County Court Clerk to the County Court a petition for the creation of a public service district within Putnam County, West Virginia, which petition contains a description sufficient to identify the territory to be embraced within the proposed public service district and which petition has been signed by at least one hundred legal voters resident within and owning real property within the limits of the proposed public service district, and said County Court further finds and declares that said petition in all respects meets the requirements of Article 13A of Chapter 16 of the West Virginia Code.

Section 2. That said petition, among other things, states as follows:

(a). The name and corporate title of said Public service district shall be "Teays Valley Public Service District".

(b). The territory to be embraced in said Public Service District shall be as follows:

Beginning at a point of intersection of the center line of West Virginia Secondary Route No. 44 and the Northerly right-of-way line of the Chesapeake and Ohio Railway Company at a latitude of N. $38^{\circ} 26' 10''$ and longitude W. $81^{\circ} 51' 24''$, thence with the northerly right-of-way line of the Chesapeake and Ohio Railway Company in a westerly direction 6.90 miles, more or less, to a point having a latitude of N. $38^{\circ} 26' 23''$ and a longitude of W. $81^{\circ} 59' 03''$, thence North 0.83 miles to the southerly right-of-way line of Interstate Route No. 64, thence with the southerly right-of-way line of Interstate Route No. 64, in an easterly direction 7.35 miles, thence south $30^{\circ} 00'$ W. 0.85 miles to the place of beginning containing 5.14 square miles, more or less, being a portion of Scott Magisterial District and containing generally the area north of the northerly right-of-way line of the Chesapeake and Ohio Railway and the southerly right-of-way line of Interstate Route No. 64, all of which are in Putnam County, State of West Virginia, as shown upon map prepared by J. E. Milan, Inc. 1214 Myers Avenue, Dunbar, West Virginia, dated June 30, 1959.

(c). The purpose of said Public service district shall be to construct, or acquire by purchase or otherwise and maintain, operate, improve and extend properties supplying water and/or sewage services within such territory and also outside such territory to the extent permitted by law.

(d). The territory described above does not include within its limits the territory of any other Public Service District organized under Article 13A of Chapter 16 of the West Virginia Code, nor does such territory include within its limits any city, incorporated town or other municipal corporation.

Section 3. That on September 1, _____, 1959, at the hour of 10:00 o'clock A.M., this County Court shall meet in the County Court House at Winfield, West Virginia for the purpose of conducting a public hearing for the creation of the proposed public service district at which time and place all persons residing in or owning or having any interest in property in the proposed public service district may appear before this County Court and shall have an opportunity to be heard for and against the creation of said district, and at such hearing, this County Court shall consider and determine the feasibility of the creation of the proposed public service district

Section 4. That the County Court Clerk is hereby authorized and directed to cause notice of such hearing in substantially the form hereinafter set out to be published on Aug. 7 and 14th _____, 1959, in the Hurricane Breeze and Putnam ^{Democrat}, a newspaper of general circulation published in Putnam County.

NOTICE OF PUBLIC HEARING
ON CREATION OF TEAYS VALLEY
PUBLIC SERVICE DISTRICT

Notice is hereby given that a legally sufficient petition has been filed with the Clerk of the County Court of Putnam County, West Virginia, and has been presented to the County Court of Putnam for the creation of a public service district within Putnam County, for the purpose of constructing or acquiring by purchase or otherwise and the maintenance, operation, improvement and extension of public service properties supplying water and/or sewerage services within said district and also outside said district to the extent permitted by law; to be named "Teays Valley Public Service District", and having the following described boundaries:

Beginning at a point of intersection of the center line of West Virginia Secondary Route No. 44 and the northerly right-of-way line of the Chesapeake and Ohio Railway Company at a latitude of N. $38^{\circ} 26' 10''$ and longitude W. $81^{\circ} 51' 24''$, thence with the northerly right-of-way line of the Chesapeake and Ohio Railway Company in a westerly direction 6.90 miles, more or less, to a point having a latitude of N. $38^{\circ} 26' 23''$ and a longitude of W. $81^{\circ} 59' 08''$, thence North 0.63 miles to the southerly right-of-way line of Interstate Route No. 64, thence with the southerly right-of-way line of Interstate Route No. 64, in an easterly direction 7.35 miles, thence south $30^{\circ} 00' N.$ 0.85 miles to the place of beginning containing 5.14 square miles, more or less, being a portion of Scott Magisterial District and containing generally the area north of the northerly right-of-way line of the Chesapeake and Ohio Railway and the southerly right-of-way line of Interstate Route No. 64, all of which are in Putnam County, State of

West Virginia, as shown upon map prepared by J. H. Milan, Inc., 1214 Myers Avenue, Dunbar, West Virginia, dated June 30, 1959.

All persons residing in or owning or having any interest in property in said proposed public service district are hereby notified that the County Court of Putnam County will conduct a public hearing on September 1, 1959, at 10:00 o'clock A.M., in the County Court House at Winfield, West Virginia, at which time and place all interested persons may appear before the County Court and shall have an opportunity to be heard for and against the creation of the proposed public service district.

By order of the County Court this 4th day of August, 1959.

A. M. Brown
County Court Clerk

Adopted by the County Court August 4, 1959.

C. B. Miller
President

Attest:

A. M. Brown
Clerk

STATE OF WEST VIRGINIA)
COUNTY OF PUTNAM) SS

I, A. M. Brown, hereby certify that I am the duly qualified and acting Clerk of the County Court of Putnam County, West Virginia, and that the foregoing constitutes a true, correct and

NOTICE OF PUBLIC HEARING ON CREATION OF TEAYS VALLEY PUBLIC SERVICE DISTRICT

Notice is hereby given that a legally sufficient petition has been filed with the Clerk of the County Court of Putnam County, West Virginia, and has been presented to the County Court of Putnam for the creation of a public service district within Putnam County, for the purpose of constructing or acquiring by purchase or otherwise and the maintenance, operation, improvement and extension of public service properties supplying water and/or sewerage services within said district and also outside said district to the extent permitted by law: to be named "Teays Valley Public Service District", and having the following described boundaries:

Beginning at a point of intersection of the center line of West Virginia Secondary Route No. 41 and the northerly right-of-way line of the Chesapeake and Ohio Railway Company at a latitude of N. 28° 28' 16" and longitude W. 81° 31' 24", thence with the northerly right-of-way line of the Chesapeake and Ohio Railway Company in a westerly direction 0.90 miles, more or less, to a point having a latitude of N. 28° 28' 23" and a longitude of W. 81° 39' 04", thence North 0.23 miles to the southerly right-of-way line of Interstate Route No. 64, thence with the southerly right-of-way line of Interstate Route No. 64, in an easterly direction 7.35 miles, thence south 33° 00' W. 0.85 miles to the place of beginning containing 3.14 square miles, more or less, being a portion of West Mingoheral District and containing generally the area north of the northerly right-of-way line of the Chesapeake and Ohio Railway and the southerly right-of-way line of Interstate Route No. 64, all of which are in Putnam County, State of West Virginia, as shown upon map prepared by J. H. Millam, Inc., 1214 Myers Avenue, Dunbar, West Virginia, dated June 30, 1936.

All persons residing in or owning or having any interest in property in said proposed public service district are hereby notified that the County Court of Putnam County will conduct a public hearing on September 1, 1936, at 10:00 o'clock A. M., in the County Court House at Winfield, West Virginia, at which time and place all interested persons may appear before the County Court and shall have an opportunity to be heard for and against the creation of the proposed public service district.

By order of the County Court this 6th day of August, 1936.

A. M. BROWN

County Court Clerk

Attested by the County Court August 4, 1936.

C. B. MILLER

President

A. M. BROWN

Clerk

A RESOLUTION AND ORDER creating
Teays Valley Public Service District
in Putnam County, West Virginia

WHEREAS, the County Court of Putnam County, West Virginia, did heretofore by a resolution and order adopted September 1,, 1958, fix a date for a public hearing on the creation of the proposed Teays Valley Public Service District and in and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed public service district might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said district: and,

WHEREAS, notice of this hearing was duly given in the manner provided and required by said resolution and order and by Article 13-A of Chapter 16 of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the creation of said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed public service district and said County Court has given due consideration to all matters for which such hearing was offered; and,

WHEREAS, it is now deemed desirable by said County Court to adopt a resolution and order creating said district:

NOW, THEREFORE, Be It and It Is Hereby Resolved and Ordered by the County Court of Putnam County, West Virginia as follows:

Section 1. That a public service district within Putnam County West Virginia, is hereby created, and said district shall have the following boundaries:

Beginning at a point of intersection of the center line of West Virginia Secondary Route No. 44 and the northerly right-of-way line of the Chesapeake and Ohio Railway Company at a latitude of N. $38^{\circ} 26'$ and longitude W. $81^{\circ} 51' 24''$, thence with the northerly right-of-way line of the Chesapeake and Ohio Railway Company in a westerly direction 6.90 miles, more or less, to a point having a latitude of N. $38^{\circ} 26' 23''$ and a longitude of W. $81^{\circ} 59' 08''$, thence North 0.83 miles to the southerly right-of-way line of Interstate Route No. 64, thence with the southerly right-of-way line of Interstate Route No. 64, in an easterly direction 7.35 miles, thence south $30^{\circ} 00'$ W. 0.85 miles to the place of beginning containing 5.14 square miles, more or less, being a portion of Scott Magisterial District and containing generally the area north of the northerly right-of-way line of the Chesapeake and Ohio Railway and the southerly right-of-way line of Interstate Route No. 64, all of which are in Putnam County, State of West Virginia, as shown upon map prepared by J. H. Milam, Inc., 1214 Myers Avenue, Dunbar, West Virginia, dated June 30, 1959.

Section 2. That said Public service district so created shall have the name and corporate title of "Teays Valley Public Service District", and shall constitute a public corporation and political subdivision of the State of West Virginia having all of the rights

and powers conferred on public service districts by the laws of the State of West Virginia, and particularly Article 13A of Chapter 16 of the West Virginia Code.

Section 3. That the County Court of Putnam County, West Virginia has determined that the territory within Putnam County, West Virginia having the hereintoabove described boundaries, is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying sewerage and/or water services within such territory by a public service district will be conducive to the preservation of public health and comfort and convenience of such area.

ADOPTED BY THE COUNTY COURT September 1, 1959.

C. B. Miller
President

Attest;

A. M. Brown
Clerk

STATE OF WEST VIRGINIA

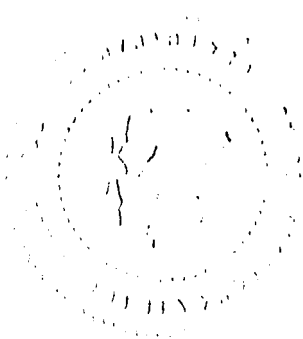
COUNTY OF PUTNAM, SS:

I, J. M. LAKE, Clerk of the County Commission of Putnam County, West Virginia, hereby certify that the foregoing is a full, true, correct and complete copy of the instrument as same appears of record in my office in

Court Order Book Number 19 Page 63.

Given under my hand and seal of said Commission this the

22nd day of May, 1978



J. M. Lake Clerk
Putnam County Commission
Winfield, West Virginia

Ray Hart
BY DEPUTY CLERK

Winfield, West Virginia
August 4, 195

The County Court of Putnam County, West Virginia, met in regular session pursuant to law and to the rules of said court at the County Court House, Winfield, West Virginia, at 10:00 o'clock A.M. The meeting was called to order and the roll being called there were present Carl B. Miller, President, presiding, and the following named commissioners.

Absent: None

This being the date fixed by prior action of the County Court for conducting the public hearing on the creation of the proposed Teays Valley Public Service District, as contemplated and provided for in a resolution and order adopted by the County Court on August 4, 1959, the president announced that all persons residing in or owning or having any interest in property in such proposed public service district desiring to be heard for or against the creation of said district would be heard and all such interested persons desiring to be heard were given full opportunity.

The County Court then further discussed the creation of said public service district, whereupon Homer West introduced and caused to be read a proposed resolution and order, entitled:

"A RESOLUTION AND ORDER creating Teays Valley
Public Service District, Putnam County, West
Virginia",

and moved that all rules otherwise requiring deferred consideration
or several readings be suspended and said proposed resolution and
order be adopted. Harold D. Brown seconded the motion and
after due consideration the President put the question on the motion
and the roll being called, the following voted:

Aye: All three

May:

Whereupon the President declared the motion duly carried and
said resolution and order duly adopted.

Homer West introduced and caused to be
read a proposed resolution and order, entitled:

"A RESOLUTION AND ORDER appointing
members to the public service board of
the Teays Valley Public Service District".

and moved that all rules otherwise requiring deferred consideration
or several readings be suspended and said proposed resolution and
order be adopted, A. C. Neal & H.D. BROWN seconded the motion and
after due consideration the President put the question on the motion
and the roll being called, the following voted.

Aye: all three

May:

Whereupon the President declared the motion duly carried and said resolution and order duly adopted.

On motion and vote the meeting adjourned.

C. B. Miller

President

Attest:

A. M. Leonard

Clerk

A RESOLUTION AND ORDER EXPANDING THE BOUNDARIES OF THE TEAYS VALLEY PUBLIC SERVICE DISTRICT HEREINAFTER TO BE KNOWN AS THE SOUTH PUTNAM PUBLIC SERVICE DISTRICT WITHIN PUTNAM COUNTY, WEST VIRGINIA.

WHEREAS, the County Commission of Putnam County, West Virginia, did heretofore by a resolution and order adopted on the 27th of January, 1981, fixed a date for a public hearing on the expansion of the Teays Valley Public Service District, hereafter to be known as the South Putnam Public Service District, and in and by, said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed public service district might appear before the County Commission at this meeting, and have an opportunity to be heard for and against the creation of the said public service district; and,

WHEREAS, notice of this hearing was duly given in a manner provided and required by the said resolution and order and by Article 13A, Chapter 16, of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the creation of the said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within the proposed expanded public service district area or the existing boundaries of the Teays Valley Public Service District, and said County Commission has given due consideration to all matters for which such hearing was offered; and,

WHEREAS, it is now deemed desirable by said County Commission to adopt a resolution and order expanding and establishing the said district;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED AND ORDERED by the County Commission of Putnam County, West Virginia as follows:

Section 1: That the physical, geographical, territorial limits of the Teays Valley Public Service District, a public corporation, are hereby enlarged, expanded, and extended to include all of the properties described hereinafter as follows:

AN AREA comprising the magisterial districts of Teays Valley, Scott, Curry, and that portion of Buffalo, south of the Kanawha River, including the area currently known as the Teays Valley Public Service District, but excluding the areas currently known as the Water and/or Sewer Utilities of Record.

Those areas to be excepted from the territory and jurisdiction of the South Putnam Public District are described hereinafter as follows:

(1) Lake Washington Public Service District, for water service only, more particularly defined as follows:

Beginning at a point in which the easterly line of Block C intersects the northerly right-of-way of U.S. Route 60, thence, N. $32^{\circ} 13'$ W. 305.0 feet, thence, N. $00^{\circ} 50'$ W. 176.07 feet, thence, N. $4^{\circ} 22'$ W. 315.1 feet, thence, N. $27^{\circ} 40'$ W. 1,728.7 feet, thence, S. $44^{\circ} 18'$ W. 585.0 feet, thence, S. $43^{\circ} 56'$ W. 1,693 feet, thence, S. $6^{\circ} 20'$ E. 265.9 feet, thence, S. $40^{\circ} 41'$ E. 70.0 feet, thence, S. $74^{\circ} 07'$ E. 1,162.68 feet, thence, crossing U.S. Route 60, S. $15^{\circ} 36'$ W. 270.7 feet, thence, S. $39^{\circ} 18'$ W. 469.0 feet, thence, N. $85^{\circ} 17'$ W. 198.0 feet, thence, S. $71^{\circ} 38'$ W. 549.2 feet, thence, S. $70^{\circ} 35'$ W. 705.22 feet, thence, S. $58^{\circ} 06'$ W. 478.3 feet, thence, S. $58^{\circ} 42'$ W. 437.75 feet, thence, S. $68^{\circ} 34'$ W. 108.0 feet, thence, with West Virginia Route 34, S. $55^{\circ} 45'$ E. 763.0 feet, thence, S. $83^{\circ} 09'$ E. 609.3 feet, thence, S. $37^{\circ} 44'$ E. 1,309.3 feet, thence, S. $24^{\circ} 57'$ E. 546.9 feet, thence, S. $53^{\circ} 14'$ E. 947.88 feet, thence, N. $71^{\circ} 57'$ E. 880.48 feet, thence, N. $40^{\circ} 07'$ E. 880.48 feet, thence, S. $60^{\circ} 03'$ E. 1,461.4 feet, thence, N. $6^{\circ} 13'$ E. 848.7 feet, thence, N. $16^{\circ} 17'$ W. 99.0 feet, thence, S. $37^{\circ} 25'$ E. 113.5 feet, thence, S. $67^{\circ} 45'$ E. 138.4 feet, thence, S. $58^{\circ} 40'$ E. 105.4 feet, thence, S. $45^{\circ} 25'$ E. 171.3 feet, thence, S. $42^{\circ} 05'$ E. 123.0 feet, thence, S. $33^{\circ} 40'$ E. 279.9 feet, thence, S. $46^{\circ} 25'$ E. 263 feet, thence, S. $30^{\circ} 45'$ E. 125.0 feet, thence, S. $21^{\circ} 45'$ E. 340.5 feet, thence, S. $60^{\circ} 13'$ E. 123.0 feet, thence, N. $35^{\circ} 40'$ E. 119.5 feet, thence, N. $20^{\circ} 01'$ W. 798.0 feet, thence, N. $56^{\circ} 00'$ E. 77.03 feet, thence, N. $50^{\circ} 03'$ E. 794.47 feet, thence, N. $66^{\circ} 00'$ E. 433.95 feet, thence, N. $78^{\circ} 00'$ E. 423.7 feet, thence, N. $64^{\circ} 44'$ W. 312.42 feet, thence, N. $53^{\circ} 11'$ W. 577.0 feet, thence, N. $38^{\circ} 17'$ W. 739.68 feet, thence, crossing U.S. Route 60, N. $13^{\circ} 16'$ E. 990.0 feet, thence, along Route 60, S. $70^{\circ} 03'$ W. 400.0 feet, thence, S. $38^{\circ} 56'$ W. 400.0 feet, thence, S. $72^{\circ} 00'$ W. 350.0 feet, to place of beginning, containing an area of 0.67 square miles.

(2) Kanawha Orchard Public Service District, more particularly defined as follows:

Beginning at a point in the northerly right-of-way of Interstate Route 64 and 0.15 miles west of the center of McCloud Road, thence, N. $26^{\circ} 40'$ E. 1.18 miles, thence, N. $63^{\circ} 40'$ E. 1.34 miles, thence, N. $20^{\circ} 35'$ W. 2.03 miles, thence, N. $69^{\circ} 25'$ 0.81 miles to center of Kanawha River, thence, up Kanawha River S. $20^{\circ} 25'$ E. 0.32 miles, thence, S. $69^{\circ} 25'$ W. 0.29 miles to the center of West Virginia Route 17, thence, with Route 17 S. $20^{\circ} 35'$ E. 0.25 miles, thence, S. $4^{\circ} 45'$ E. 0.19 miles to a point in said State Route 17 having a latitude of N. $38^{\circ} 30'$ and longitude W. $81^{\circ} 50' 30''$, thence, leaving West Virginia Route 17 N. $69^{\circ} 25'$ E. 0.30 miles to center of Kanawha River, thence, with center of the River and up stream 1.68 miles, thence, leaving the River S. $39^{\circ} 40'$ 0.65 miles to a point having a latitude of N. $38^{\circ} 28' 29''$ and longitude of W. $81^{\circ} 50'$ thence, S. $63^{\circ} 40'$ W. 1.55 miles, thence, to the northerly right-of-way of Interstate Route 64 S. $6^{\circ} 15'$ E. 0.75

miles, thence, with northerly right-of-way line of Interstate 64 1.10 miles more or less to place of beginning containing 3.70 square miles.

- (3) Putnam Utilities Corporation, more particularly defined as follows:

TRACT A: Beginning at a stone on a ridge in a line of the Cargill land, the said stone being a common corner to the land owned by A. C. Radford and Hazel B. Radford, his wife; thence, with the said line of the Cargill land, S. 85° 30' W. 181.5 feet, to a white oak stump in a low gap, thence, N. 87° 30' W. 940.5 feet to a stake, thence, S. 63° 30' W. 495 feet to a stone by some hickories, thence, N. 87° 30' W. 792 feet, to a stone, corner to a tract of land owned by Charles C. Payne, thence, with the northeasterly line of the said Payne land, N. 47° 45' W. 1,812.5 feet, to an iron pipe, thence, N. 41° 7' E. 696 feet to an iron pipe in the southwesterly line of the said Radford land, thence, with the line of the Radford land, S. 64° 30' E. 3,686.5 feet to the place of beginning, containing 62.44 acres, more or less.

TRACT B: Beginning at an iron pipe in the southerly right-of-way of U.S. Route 35, the said iron pipe being a common corner to a tract of land owned by A. C. Radford and Hazel B. Radford, his wife, thence, with the southwesterly line of the said Radford land, S. 36° 00' E. 1,800 feet to an iron pipe, thence, S. 64° 30' E. 455 feet to an iron pipe, thence, leaving the Radford land, S. 41° 7' W. 696 feet to an iron pipe in the northeasterly line of a tract of land owned by Charles C. Payne, thence with the said line of the Payne land, N. 47° 45' W. 580 feet to an iron pipe, thence, N. 36° 00' W. 1,482 feet to an iron pipe in the southerly line of Rockystep Branch Road, thence, with the right-of-way line of the said road, N. 51° 48' E. 29.5 feet to an iron pipe, thence, N. 35° 40' W. 336.6 feet to an iron pipe at the intersection of the easterly right-of-way line of Rockystep Branch Road and the southerly right-of-way line of U.S. Route 35, thence, running with U.S. Route 35, N. 55° 32' E. 542.4 feet to the place of beginning, containing 30.9 acres, more or less.

TRACT C: Beginning at an iron pipe in the common division line between the land owned by Charles C. Payne and the property herein conveyed, said iron pipe being located N. 36° 00' W. 444.4 feet from a stake in the northerly right-of-way line of U.S. Route 35, thence, with the common division line between the property herein conveyed and the Payne property, N. 36° 00' W. 201 feet to a stake at the edge of Kanawha River, thence, running up the river and binding thereon, N. 49° 37' E. 209.1 feet, to an iron pipe, thence, running S. 36° 00' E. 217 feet, thence, running S. 34° 00' W. 208.5 feet to the place of beginning, containing 1 acre.

- (4) Riverdale Utility Company, more particularly defined as follows:

TRACT 2: Beginning at an iron pipe in the northerly right-of-way line of State Route 17, at the point where the division line between the lands of Walter M. Raynes and F. F. Morris intersect said northerly right-of-way line, thence, leaving the said right-of-way

line and running with the division line between Morris and Raynes & Morris and Rose, N. 3° 00' 1,724 feet to an iron pipe where originally stood a stake 9 feet above a marked beech, thence, leaving Rose and running up the Kanawha River with pool stage, S. 81° 00' E. 543 feet to an iron pipe at the corner of Parcel 1 and 2, thence, leaving the river and running across the bottom with the division line between Parcels Nos. 1 and 2, S. 2° 00' E. 1,555 feet to an iron pipe in the northerly right-of-way of State Highway No. 17, thence, running in a westerly direction with the said northerly right-of-way line, a distance of 505 feet to the point of beginning, containing 19.6 acres, more or less.

- (5) Sunnybrook Public Service District, more particularly defined as follows:

Beginning at a point in the Teays Valley Public Service District line 200 feet south of the center line of West Virginia Primary Route 34, having latitude N. 38° 26' 30" and longitude W. 81° 59' 04", thence, S. 68° 15' W. for 0.30 miles parallel with West Virginia Route 34, to a point having latitude N. 38° 26' 24" and longitude W. 81° 59' 23", thence, N. 37° 09' W. for 0.15 miles, crossing West Virginia Route 34 at about 200 feet to a point having latitude N. 38° 26' 31" and longitude W. 81° 59' 29", thence, N. 45° 59' W. for 0.11 miles to a point on the south right-of-way of Old County Route 34/22 having latitude N. 38° 26' 34" and longitude W. 81° 59' 34", thence, with the road right-of-way S. 37° 00' W. for 0.08 miles to a point on the right-of-way having latitude N. 38° 26' 32" and longitude W. 81° 59' 36", thence, N. 14° 00' W. with a fence line for 0.625 miles to a point on the Interstate Route 64 right-of-way having latitude N. 38° 27' 05" and longitude W. 81° 59' 51", thence, N. 68° 00' E. with the Interstate right-of-way line for 0.46 miles to a point on the right-of-way line having latitude N. 38° 27' 11" and longitude W. 81° 59' 22", thence, in a southerly direction for 0.32 miles with the Sunnybrook Estates-Springdale Estates Subdivision boundary line to a point having latitude N. 38° 26' 54" and longitude W. 81° 59' 15", thence, N. 92° 45' E. for 0.19 miles to a point on the Teays Valley Public Service District boundary line, having latitude N. 38° 26' 53" and longitude W. 81° 59' 04", thence, S. for 0.48 miles with the Teays Valley Public Service District boundary line to the point of beginning, and containing an area of 0.402 square miles in Teays Valley Magisterial District of Putnam County, West Virginia.

- (6) Culloden Sanitary Sewer and Water Service are to be excluded from the Teays Valley Public Service District proposed expansion area, more particularly defined as follows: Culloden Area No. 1

Beginning at a point reference to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustment, said point having the coordinates N518475, E1698600 and being approximately situated on the Cabell-Putnam County Line, thence, with the following

bearings and distances, based on the before named Plane Coordinate System, N 1° 05' 28" W, 2,625.48 feet, thence, N 63° 52' 08" E, 1,475.85 feet, thence, S 33° 23' 19" E, 1,317.43 feet, thence, S 42° 35' 59" W, 2,954.76 feet, to the true point of beginning.

Culloden Area No. 2

Beginning at a point referenced to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustment, said point having the coordinates N516900, E1698725 and being approximately situated on the Cabell-Putnam County Line, thence, with the southerly right-of-way line of the Service Wholesale Access Road, 1,250 feet, more or less, to the westerly right-of-way line of Putnam County Route 60/1 (Thompson Road); thence, with the said westerly right-of-way line 2,200 feet, more or less, to a point; thence, leaving said westerly right-of-way line with the following bearings and distances based on the before named Plane Coordinate System; S 53° 07' 48" W, 125.00 feet, thence, S 38° 39' 35" E, 1,120.55 feet, thence, N 66° 48' 05" E, 761.58 feet, thence, S 70° 33' 36" E, 1,640.00 feet, thence, S 61° 54' 24" W, 1,707.71 feet, thence, S 78° 38' 01" E, 3,503.00 feet, thence, N 03° 55' 33" W, 4,100 feet, to the true point of beginning.

- (7) City of Hurricane Water Service Area, more particularly defined as follows:

Beginning at a point referenced to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustments, and having the coordinates N521750, E1700000, thence, with the following bearings and distances based on the before named Plane Coordinate System: N 63° 47' 00" E, 7,356.80 feet, thence, N 47° 01' 17" W, 1,503.54 feet, thence, N 31° 05' 50" E, 1,839.33 feet, thence, S 70° 01' 01" E, 1,463.09 feet, thence, S 07° 18' 21" E, 982.98 feet, thence, S 25° 38' 28" E, 693.27 feet, thence, N 53° 44' 46" E, 1,860.11 feet, thence, N 58° 32' 09" E, 3,927.47 feet, thence, S 29° 41' 27" E, 3,280.72 feet, thence, N 54° 46' 57" E, 1,560.65 feet, thence, S 16° 41' 57" E, 1,044.03 feet, thence, S 70° 07' 59" W, 6,326.53 feet, thence, S 04° 23' 55" W, 1,303.84 feet, thence, S 58° 23' 33" W, 3,052.87 feet, thence, S 07° 41' 46" E, 1,866.82 feet, thence, S 33° 06' 41" W, 1,372.95 feet, thence, N 52° 18' 21" W, 1,390.14 feet, thence, S 86° 11' 09" W, 2,254.99 feet, thence, S 09° 03' 28" E, 3,493.57 feet, thence, S 46° 32' 53" W, 654.31 feet, thence, N 75° 22' 45" W, 1,782.73 feet, thence, S 73° 18' 03" W, 522.02 feet, thence, N 50° 54' 22" W, 1,030.78 feet, thence, N 45° 00' 00" E, 353.55 feet, thence, N 17° 31' 32" W, 498.12 feet, thence, N 40° 56' 26" W, 2,746.93 feet, thence, N 02° 20' 14" E, 1,226.02 feet, thence, N 42° 22' 25" E, 1,928.89 feet, thence, N 29° 03' 17" W, 1,029.56 feet to the true point of beginning.

- (8) City of Hurricane Sanitary Sewer Service Area, more particularly defined as follows:

Beginning at a point referenced to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustment, said point having the coordinates N522825, E1701990, and being approximately situated on the southerly right-of-way line of Interstate Route 64; thence, with the following bearings and distances based on the before named Plane Coordinate System; N 63° 56' 44" E, 5,521.07 feet, thence, N 74° 55' 53" E,

1,346.29 t, thence, S 29° 44' 42" E, 67 feet, thence, N 70° 42' 36" E, 529.74 feet, thence, S 33° 41' 24" E, 180.28 feet, thence, N 64° 29' 10" E, 2,437.72 feet, thence, S 28° 18' 03" E, 369.12 feet, thence, S 65° 11' 09" W, 2,561.49 feet, thence, S 24° 56' 39" E, 2,371.18 feet, more or less, to a point in the center of Hurricane Creek, thence, with the center of Hurricane Creek in a southwesterly, upstream, direction 3,800 feet, more or less, to the center of the West Virginia Route 34 Hurricane Creek Bridge, thence, leaving the center line of Hurricane Creek with the following bearings and distances based on the before named Plane Coordinate System: S 61° 36' 08" W, 2,796.52 feet, thence, N 55° 03' 16" W, 2,025.14 feet, thence, S 33° 09' 48" W, 603.26 feet, thence, N 55° 00' 29" W, 305.16 feet, thence, N 26° 33' 54" E, 279.51 feet, thence, N 56° 18' 36" W, 901.39 feet, thence, S 33° 41' 24" W, 721.11 feet, thence, N 55° 00' 29" W, 305.16 feet, thence, S 30° 20' 36" W, 1,187.70 feet, thence, S 53° 07' 48" E, 625.00 feet, thence, S 35° 32' 16" W, 430.12 feet, thence, N 54° 41' 20" W, 735.27 feet, thence, N 32° 39' 39" E, 1,158.12 feet, thence, N 51° 20' 25" W, 160.08 feet, thence, N 29° 25' 39" E, 1,119.43 feet, thence, N 31° 56' 41" E, 2,003.40 feet, to the true point of beginning.

(9) Ventroux Water Association, for water service only, more particularly defined as follows:

Beginning at a point which is the intersection of the western right-of-way line of U.S. Route 35 and the southern edge of Scary Creek: thence, 700 feet in a southerly direction with the Route 35 line to a point, thence, N 84° 15' W, 2,360 feet, leaving the Route 35 line to a point, thence, S 03° 24' W, 1,850 feet to a point, thence, N 87° 18' W, 500 feet to a point, thence, N 01° 56' E, 2,130 feet to a point, thence, N 61° 32' E, 2,180 feet to a point in the southern edge of Scary Creek, thence, 1,500 feet with the southern edge of Scary Creek to the point of beginning, containing an area of 0.13 square miles.

(10) Town of Winfield, more particularly defined as follows:

Beginning at the southern most point in the original Town limits, thence, S 36° E, 1,270.50 feet, leaving the Town limits to a point, thence, S 57° E, 4,075.50 feet to a point, thence, S 45-1/2° W, 412.50 feet to a point, thence, S 85-1/2° W, 511.50 feet to a point, thence, N 87° 30' W 478.50 feet to a point, thence, S 33-1/2° E, 2,739.00 feet to a point, thence, S 80-1/2° W, 1,435.50 feet to a point, thence, N 29° W, 39.60 feet to a point, thence, S 81-1/2° W, 1,386.0 feet, crossing Route 29/1 to a point, thence, N 31-1/2° E, 334.60 feet, again crossing Route 29/1 to a point, thence, S 75° W 264 feet to a point, thence, N 68° W 453.80 feet to a point, thence, W 1,386.0 feet, crossing Route 29/1 to a point, thence, N 71° 00" W, 1,250 feet, crossing Route 29/1 to a point, thence, S 51° 58' W 450 feet to a point, thence, S 48° 45' W, 1,455.20 feet, crossing Routes 29/1 and 29, thence, N 67° 15' W, 760.80 feet to a point, thence, N 33° 30' E, 128.70 feet to a point, thence, N 18° 45' E, 184.70 feet to a point, thence, N 29° 15' E, 286.50 feet to a point, thence, N 19° 30' E, 415.70 feet to a point, thence, N 60° 50' W 411.60 feet to a point, thence, N 55° 40' W, 378.60 feet to a point, thence, N 46° W, 436.60 feet to a point in the eastern right-of-way line of Route 34, thence, N 4° E, 2,715 feet crossing Routes 34 and 35 to a point in the southern edge of Kanawha River, thence, N 71° 35' E, 285 feet with the river to a point, thence, N 36° 15' E, 250 feet with the river to a point, thence, N 46° 37' E, 600 feet with the river to a point, thence, N 59° 40' E, 440 feet with the river to a point, thence, N 56-1/2° E, 471 feet with the river to a

point, thence, N 58-1/2° E, 146 feet with the river to a point, thence, N 55° E, 231 feet with the river to a point, thence, N 57° 30' E, 280 feet with the river to a point, thence, N 52° E, 587.80 feet with the river to a point, thence, N 52° E, 569.30 feet with the river to a point, thence, N 50° E, 1,155 feet with the river to a point in the original Town limits.

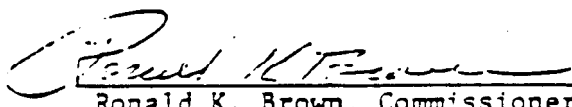
Section 2: (a) The name and corporate title of the expanded Teays Valley Public Service District shall be "South Putnam Public Service District".

(b) That the said area of the Teays Valley Public Service District, hereafter known as the South Putnam Public Service District, is hereby enlarged, extended, and expanded to include all of the aforementioned area as described herein, and is hereby made a part of the said area included and embraced within the South Putnam Public Service District, and that the same shall be henceforth and hereafter included, annexed, and made a part of, the South Putnam Public Service District, and shall henceforth and hereafter become and constitute an integral part of the said South Putnam Public Service District.


ENTERED into the permanent records of Putnam County, West Virginia, this 10th day of March, 1981.


Leff Moore, President


R. B. Allen, Commissioner


Ronald K. Brown, Commissioner

ATTEST:


Charles E. Farley, Jr., Clerk

Transmitted to the County Clerk's Office, March 11, 1981

Received by: _____

A RESOLUTION AND ORDER EXPANDING THE
BOUNDARIES OF THE SOUTH PUTNAM PUBLIC
SERVICE DISTRICT WITHIN PUTNAM COUNTY,
WEST VIRGINIA.

WHEREAS, the County Commission of Putnam County, West Virginia, did heretofore by a resolution and order adopted on the 3rd day of December, 1991, fix a date for a public hearing on the expansion of the South Putnam Public Service District, and in and by said resolution and order, provide, that all persons residing in or owning or having any interest in property in the proposed Public Service District might appear before the County Commission at this meeting, and have an opportunity to be heard, for and against the expansion of the said Public Service District; and,

WHEREAS, notice of this hearing was duly given in a manner provided and required by the said resolution and order and by Article 13A, Chapter 16, of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the expansion of the said District, but no written protest has been filed by the requisite number of qualified voters registered and residing within the proposed expanded Public Service District area or the existing boundaries of the South Putnam Public Service District, and said County

Commission has given due consideration to all matters for which such hearing was offered; and,

WHEREAS, it is now deemed desirable by said County Commission to adopt a resolution and order expanding the said District;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED AND ORDERED by the County Commission of Putnam County, as follows:

Section 1.

That the physical, geographical, territorial limits of the South Putnam Public Service District, a public corporation, are hereby enlarged, expanded, and extended to include all of the properties described hereinafter, as follows:

AN AREA comprising the magisterial districts of Teays Valley, Scott, Curry, and that portion of Buffalo, south of the Kanawha River, including the area known as the Teays Valley Public Service District, but excluding the areas currently known as the Water and/or Sewer Utilities of Record.

Those areas to be excepted from the territorial jurisdiction of the South Putnam Public Service District are described hereinafter as follows:

(1) Lake Washington Public Service District, for water service only, more particularly defined as follows:

Beginning at a point in which the easterly line of Block C intersects the northerly right-of-way of U. S. Route 60, thence, N. 32° 13' W. 305.0 feet, N. 00° 50' W. 176.07 feet, thence N. 4° 22' W. 315.1 feet, thence, N. 27° 40' W. 1,729.7 feet, thence, S. 44° 18' W. 585.0 feet, thence, S. 43° 56' W. 1,693 feet, thence S. 6° 20' E. 265.9 feet, thence S. 40° 41' E. 70.0 feet, thence, S. 74° 07' E. 1,162.68 feet, thence, crossing U. S. Route 60, S. 15° 36' W. 270.7 feet, thence, S. 39° 18' W. 469.0 feet, thence, N. 85° 17' W. 198.0 feet, thence S. 71° 38' W. 549.2 feet, thence, S. 70° 35' W. 705.22 feet, thence, S. 58° 06' W. 478.9 feet, thence S. 58° 42' W. 437.75 feet, thence, S. 68° 34' W. 108.0 feet, thence, with West Virginia Route 34, S. 55° 45' E. 763.0 feet, thence, S. 83° 09' E. 609.8 feet, thence, S. 87° 44' E. 1,309.8 feet, thence, S. 24° 57' E. 546.9 feet, thence, S. 53° 14' E. 947.88 feet, thence, N. 71° 57' E. 880.48 feet, thence, N. 40° 07' E. 880.48 feet, thence, S. 60° 03' E. 1,461.4 feet, thence N. 6° 15' E. 848.7 feet, thence N. 16° 17' W. 99.0 feet, thence, S. 87° 25' E. 113.5 feet, thence, S. 67° 45' E. 138.4 feet, thence, S. 58° 40' E. 105.4 feet, thence S. 45° 25' E. 171.8 feet, thence, S. 42° 05' E. 128.0 feet, thence, S. 33° 40' E. 279.9 feet, thence, S. 46° 25' E. 263 feet, thence, S. 21° 45' E. 340.5 feet, thence, S. 60° 25' E. 229.0 feet, thence N. 35° 40' E. 119.5 feet, thence, N. 20° 01' W. 799.0 feet, thence, N. 56° 00' E. 77.03 feet, thence, N. 50° 05' E. 794.47 feet, thence, N. 66° 00' E. 433.95 feet, thence, N. 78° 00' E. 423.7 feet, thence, N. 64° 44' W. 312.42 feet, thence, N. 58° 11' W. 577.0 feet, thence, N. 88° 17' W. 739.68 feet, thence, crossing U. S. Route 60, N. 13° 16' E. 990.0 feet, thence along Route 60, S. 70° 05' W. 400.0 feet, thence, S. 38° 56' W. 400.0 feet, thence, S. 72° 00' W. 350.0 feet, to place of beginning, containing an area of 0.67 square miles.

(2) Kanawha Orchard Public Service District, more particularly defined as follows:

Beginning at a point in the northerly right-of-way of Interstate Route 64 and 0.15 miles west of the center of McCloud Road, thence, N. 26° 40' E. 1.18 miles, thence, N. 63° 40' E. 1.34 miles, thence, N. 20° 35' W. 2.03 miles, thence N. 69° 25' 0.81 miles to center of Kanawha River, thence, up Kanawha River S. 20° 25' E. 0.32 miles, thence, S. 69° 25' W. 0.29 miles to the center of West Virginia Route 17, thence, with Route 17, S. 20° 35' E. 0.25 miles, thence, S. 4° 45' E.

0.19 miles to a point in said State Route 17 having a latitude of N. 38° 30' and longitude W. 81° 50' 30", thence, leaving West Virginia Route 17 N. 69° 25' E. 0.30 miles to center of Kanawha River, thence, with center of the River and up stream 1.68 miles, thence, leaving the River S. 39° 40' 0.65 miles to a point having a latitude of N. 38° 25' 29" and longitude of W. 81° 50', thence, S. 63° 40' W. 1.55 miles, thence, to the northerly right-of-way of Interstate Route 64 S. 6° 15' E. 0.75 miles, thence, with northerly right-of-way line of Interstate 64 1.10 miles, more or less to place of beginning, containing 3.70 square miles.

(3) Putnam Utilities Corporation, more particularly defined as follows:

TRACT A: Beginning at a stone on a ridge on a line of the Cargill land, the said stone being a common corner to the land owned by A. C. Radford and Hazel B. Radford, his wife; thence, with the said line of the Cargill land, S. 85° 30' W. 191.5 feet to a white oak stump in a low gap; thence, N. 97° 30' W. 940.5 feet to a stake; thence, S. 63° 30' W. 495 feet to a stone by some hickories; thence, N. 97° 30' W. 792 feet to a stone, corner to a tract of land owned by Charles C. Payne; thence, with the northeasterly line of the said Payne land, N. 47° 45' W. 1,912.5 feet to an iron pipe; thence, N. 41° 7' E. 696 feet to an iron pipe in the southwesterly line of the said Radford land; thence, with the line of the Radford land, S. 64° 30' E. 3,686.5 feet to the place of beginning, containing 62.44 acres, more or less.

TRACT B: Beginning at an iron pipe in the southerly right-of-way of U. S. Route 35, the said iron pipe being a common corner to a tract of land owned by A. C. Radford and Hazel B. Radford, his wife; thence, with the southwesterly line of the said Radford land, S. 36° 00' E. 1,800 feet to an iron pipe; thence, S. 64° 30' E. 455 feet to an iron pipe; thence, leaving the Radford land, S. 41° 7' W. 696 feet to an iron pipe in the northeasterly line of a tract of land owned by Charles C. Payne; thence, with the said line of the Payne land, N. 47° 45' W. 580 feet to an iron pipe; thence, N. 36° 00' W. 1,482 feet to an iron pipe in the southerly line of Rockystep Branch Road; thence, with the right-of-way line of the said road, N. 51° 48' E. 29.5 feet to an iron pipe; thence, N. 35° 40' W. 336.6 feet to an iron pipe at the intersection of the easterly right-of-way line of Rockystep Branch Road and the southerly right-of-way line of U. S. Route 35; thence, running with U. S. Route 35, N. 55° 32' E. 542.4 feet to the place of beginning, containing 30.9 acres, more or less.

TRACT C: Beginning at an iron pipe in the common division line between the land owned by Charles C. Payne and the property herein conveyed, said iron pipe being located N. 36° 00' W. 444.4 feet from a stake in the northerly right-of-way line of U. S. Route 35; thence, with the common division line between the property herein conveyed and the Payne property, N. 36° 00' W. 201 feet to a stake at the edge of Kanawha River; thence, running up the river and binding thereon, N. 49° 37' E. 209.1 feet, to an iron pipe; thence, running S. 36° 00' E. 217 feet; thence, running S. 54° 00' W. 209.5 feet to the place of beginning, containing 1 acre.

(4) Riverdale Utility Company, more particularly defined as follows:

TRACT 2: Beginning at an iron pipe in the northerly right-of-way line of State Route 17, at the point where the division line between the lands of Walter M. Raynes and F. F. Morris intersect said northerly right-of-way line; thence, leaving the said right-of-way line running with the division line between Morris and Raynes and Morris and Rose, N. 3° 00' W. 1,724 feet to an iron pipe where originally stood a stake 9 feet above a marked beech; thence, leaving Rose and running up the Kanawha River with pool stage, S. 91° 00' E. 543 feet to an iron pipe at the corner of Parcel 1 and 2; thence, leaving the river and running across the bottom with the division line between Parcels Nos. 1 and 2, S. 2° 00' E. 1,555 feet to an iron pipe in the northerly right-of-way of State Highway No. 17; thence, running in a westerly direction with the said northerly right-of-way line, a distance of 505 feet to the point of beginning, containing 19.6 acres, more or less.

(5) Sunnybrook Public Service District, more particularly defined as follows:

Beginning at a point in the Teays Valley Public Service District line 200 feet south of the center line of West Virginia Primary Route 34, having a latitude N. 38° 26' 30" and a longitude W. 81° 59' 04"; thence, S. 68° 15' W. for 0.30 miles parallel with West Virginia Route 34 to a point having a latitude N. 38° 26' 24" and longitude W. 81° 59' 23"; thence, N. 37° 09' W. for 0.15 miles, crossing West Virginia Route 34 at about 200 feet to a point having a latitude N. 38° 26' 31" and longitude W. 81° 59' 29"; thence, N. 45° 59' W. for 0.11 miles to a point on the south right-of-way of Old County Route 34/22

having a latitude N. 38° 26' 34" and longitude W. 81° 59' 34"; thence, with the road right-of-way S. 37° 00' W. for 0.08 miles to a point in the right-of-way having latitude N. 38° 26' 32" and longitude W. 81° 59' 36"; thence, N. 14° 00' W. with a fence line for 0.625 miles to a point on the Interstate Route 64 right-of-way having a latitude N. 38° 27' 05" and longitude W. 81° 59' 51"; thence, N. 68° 00' E. with the Interstate right-of-way line for 0.46 miles to a point on the right-of-way line having latitude N. 38° 27' 11" and longitude W. 81° 59' 22"; thence, in a southerly direction for 0.32 miles with the Sunnybrook Estate-Springdale Estates Subdivision boundary line to a point having a latitude N. 38° 26' 54" and longitude W. 81° 59' 15"; thence, N. 82° 45' E. for 0.19 miles to a point on the Teays Valley Public Service District Boundary line, having latitude N. 38° 26' 55" and longitude W. 81° 59' 04"; thence, S. for 0.48 miles with the Teays Valley Public Service District boundary line to the point of beginning, and containing an area of 0.402 square miles in Teays Valley Magisterial District of Putnam County, West Virginia.

(6) Culloden Sanitary Sewer and Water Service are to be excluded from the South Putnam Public Service District area, more particularly defined as follows:

Culloden Area No. 1

Beginning at a point reference to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustment, said point having the coordinates N518475, E1698600 and being approximately situated on the Cabell-Putnam County Line; thence, with the following bearings and distances, based on the before named Plane Coordinate System, N. 01° 05' 28" W. 2,625.48 feet; thence, N. 63° 52' 08" E. 1,475.85 feet; thence, S. 33° 23' 19" E. 1,317.43 feet; thence, S. 42° 35' 59" W. 2,954.76 feet, to the true point of beginning.

Culloden Area No. 2

Beginning at a point referenced to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustment, said point having the coordinates N516900, E1698725 and being approximately situated on the Cabell-Putnam County Line; thence, with the southerly right-of-way line of the Service Wholesale Access Road, 1,250 feet, more or less, to the westerly right-of-way line of Putnam County Route 60/1 (Thompson Road); thence, with said

westerly right-of-way line 2,200 feet, more or less,
 to a point; thence, leaving said westerly right-of-
 way line with the following bearings and distances
 based on the before named Plane Coordinate System;
 S. 53° 07' 48" W. 125.00 feet; thence, S. 38° 39'
 35" E. 1,120.55 feet; thence, N. 66° 48' 05" E.
 761.58 feet; thence, S. 70° 33' 36" E. 1,640.00 feet;
 thence, S. 61° 54' 24" W. 1,707.71 feet; thence S.
 78° 38' 01" E. 3,503.00 feet; thence, N. 03° 55' 33"
 W. 4,100 feet, to the true point of beginning.

(7) City of Hurricane Water Service Area, more particu-
 larly defined as follows:

Beginning at a point referenced to the West Virginia
 Plane Coordinate System, South Zone, said Coordinate
 System referenced to the North American Datum, 1927
 adjustments, and having the coordinates N521750,
 E1700000; thence, with the following bearings and
 distances based on the before named Plane Coordinate
 System: N. 63° 47' 00" E. 7,356.80 feet; thence N.
 47° 01' 17" W. 1,503.54 feet; thence, N. 31° 05' 50"
 E. 1,839.33 feet; thence, S. 70° 01' 01" E. 1,463.09
 feet; thence, S. 07° 18' 21" E. 982.98 feet; thence,
 S. 25° 38' 28" E. 693.27 feet; thence, N. 53° 44' 46"
 E. 1,860.11 feet; thence, N. 58° 32' 09" E. 3,927.47
 feet; thence, S. 29° 41' 27" E. 3,280.72 feet; thence,
 N. 54° 46' 57" E. 1,560.65 feet; thence, S. 16° 41'
 57" E. 1,044.03 feet; thence, S. 70° 07' 59" W.
 6,326.53 feet; thence, S. 04° 23' 55" W. 1,303.84
 feet; thence S. 58° 23' 33" W. 3,052.87 feet; thence,
 S. 07° 41' 46" E. 1,866.82 feet; thence, S. 33° 06'
 41" W. 1,372.95 feet; thence, N. 52° 18' 21" W. 1,390.14
 feet; thence, S. 86° 11' 09" W. 2,254.99 feet; thence,
 S. 09° 03' 28" E. 3,493.57 feet; thence S. 46° 32' 53"
 W. 654.31 feet; thence, N. 75° 22' 45" W. 1,782.73
 feet; thence S. 73° 18' 03" W. 522.02 feet; thence, N.
 50° 54' 22" W. 1,030.78 feet; thence, N. 45° 00' 00"
 E. 353.55 feet; thence N. 17° 31' 32" W. 498.12 feet;
 thence, N. 40° 56' 26" W. 2,746.93 feet; thence N. 02°
 20' 14" E. 1,226.02 feet; thence, N. 42° 22' 25" E. 1,928.99
 feet; thence, N. 29° 03' 17" W. 1,029.56 feet to the true
 point of beginning.

(8) City of Hurricane Sanitary Sewer Service Area, more
 particularly defined as follows:

Beginning at a point referenced to the West Virginia
 Plane Coordinate System, South Zone, said Coordinate
 System referenced to the North American Datum, 1927
 adjustment, said point having the coordinate N524160.24,
 E1704721.07 and being approximately situated on the
 southerly right-of-way line of Interstate Route 64;

thence, with the following bearings and distances based on the before named Plane Coordinate System; N. 63° 56' 44" E. 2,481.07 feet; thence, N. 74° 55' 53" E. 1,346.29 feet; thence, S. 29° 44' 42" E. 604.67 feet; thence, N. 70° 42' 36" E. 529.74 feet; thence, S. 33° 41' 24" E. 180.28 feet; thence, N. 64° 29' 10" E. 2,437.72 feet; thence, S. 28° 18' 03" E. 369.12 feet; thence, S. 65° 11' 09" W. 2,561.49 feet; thence, S. 24° 56' 39" E. 2,371.18 feet, more or less, to a point in the center of Hurricane Creek; thence, with the center of Hurricane Creek in a southwesterly, upstream direction, 3,800 feet, more or less, to the center of the West Virginia Route 34 Hurricane Creek Bridge; thence, leaving the center line of Hurricane Creek, with the following bearings and distances based on the before named Plane Coordinate System; S. 61° 36' 08" W. 2,796.52 feet; thence, N. 55° 03' 16" W. 2,025.14 feet; thence, S. 33° 09' 48" W. 603.26 feet; thence N. 55° 00' 29" W. 305.16 feet; thence, N. 26° 33' 54" E. 279.51 feet; thence, N. 56° 18' 36" W. 901.39 feet; thence, S. 33° 41' 24" W. 721.11 feet; thence, N. 55° 00' 29" W. 305.16 feet; thence, S. 30° 20' 36" W. 1,187.70 feet; thence, S. 53° 07' 48" E. 625.00 feet; thence, S. 35° 32' 16" W. 430.12 feet; thence N. 54° 41' 20" W. 735.27 feet; thence, N. 32° 39' 39" E. 1,158.12 feet, thence, N. 51° 20' 25" W. 160.08 feet; thence, N. 29° 25' 39" E. 1,119.43 feet; thence, N. 31° 56' 41" E. 1,320 feet, more or less; thence, northeast along southern right-of-way of Virginia Avenue, Putnam County Route 60/10, 3,050 feet, more or less; thence, northwest along the eastern right-of-way of Sovine Road, Putnam County Route 60/3, 915 feet, more or less to the true point of beginning.

(9) Ventroux Water Association for water service only, more particularly defined as follows:

Beginning at a point which is the intersection of the western right-of-way line of U. S. Route 35 and the southern edge of Scary Creek; thence, 700 feet in a southerly direction with the Route 35 line to a point; thence, N. 84° 15' W. 2,360 feet, leaving the Route 35 line to a point; thence S. 03° 24' W. 1,950 feet to a point; thence N. 87° 18' W. 500 feet to a point; thence N. 01° 56' E. 2,130 feet to a point; thence, N. 61° 32' E. 2,180 feet to a point in the southern edge of Scary Creek; thence, 1,500 feet with the southern edge of Scary Creek to the point of beginning, containing an area of 0.13 square miles.


(10) Town of Winfield, more particularly defined as follows:


Beginning at the southernmost point in the original town limits; thence, S. 36° E. 1,270.50 feet, leaving the town limits to a point; thence, S. 57° E. 4,075.50 feet to a point; thence, S. 45-1/2° W. 412.50 feet to a point; thence, S. 85-1/2° W. 511.50 feet to a point; thence, N. 87° 30' W. 478.50 feet to a point; thence, S. 33-1/2° E. 2,739.00 feet to a point; thence, S. 80-1/2° W. 1,435.50 feet to a point; thence, N. 29° W. 39.60 feet to a point; thence S. 81-1/2° W. 1,386.0 feet, crossing Route 29/1 to a point; thence, N. 31-1/2° E. 334.60 feet, again crossing Route 29/1 to a point; thence, S. 75° W. 264 feet to a point; thence, N. 68° W. 453.80 feet to a point; thence, W. 1,386.0 feet, crossing Route 29/1 to a point; thence, N. 71° 00' W. 1,250 feet, crossing Route 29/1 to a point; thence S. 51° 58' W. 450 feet to a point; thence, S. 48° 45' W. 1,455.20 feet, crossing Routes 29/1 and 29; thence, N. 67° 15' W. 760.80 feet to a point; thence, N. 33° 30' E. 128.70 feet to a point; thence, N. 18° 45' E. 184.70 feet to a point; thence, N. 29° 15' E. 296.50 feet to a point; thence, N. 19° 30' E. 415.70 feet to a point; thence, N. 60° 50' W. 411.60 feet to a point; thence, N. 55° 40' W. 378.60 feet to a point; thence, N. 46° W. 436.60 feet to a point in the eastern right-of-way line of Route 34; thence, N. 4° E. 2,715 feet crossing Route 34 and 35 to a point in the southern edge of Kanawha River; thence, N. 71° 35' E. 285 feet with the river to a point; thence, N. 36° 15' E. 250 feet with the river to a point; thence, N. 46° 37' E. 600 feet with the river to a point; thence N. 59° 40' E. 440 feet with the river to a point; thence, N. 56-1/2° E. 471 feet with the river to a point; thence, N. 58-1/2° E. 146 feet with the river to a point; thence N. 55° E. 231 feet with the river to a point; thence, N. 57° 30' E. 280 feet with the river to a point; thence N. 57° E. 294 feet with the river to a point; thence, N. 52° E. 587.80 feet with the river to a point; thence, N. 52° E. 569.30 feet with the river to a point; thence, N. 50° E. 1,155 feet with the river to a point in the original town limits


Section 2.

That the said area of the South Putnam Public Service District is hereby enlarged, extended, and expanded to include all of the aforementioned area as described herein, and is hereby made a part of the said area included and embraced within the South Putnam Public Service District, and that the same shall be henceforth and hereafter included, annexed, and made a part of the South Putnam Public Service District, and shall henceforth and hereafter become and constitute and integral part of the said South Putnam Public Service District.

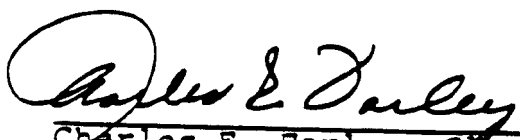
Entered into the permanent records of Putnam County, West Virginia, this 3rd day of December, 1981.


Left Moore, President


R. B. Allen, Commission


Ronald K. Brown, Commission

ATTEST:


Charles E. Farley, Clerk

STATE OF W. VIRGINIA, PUTNAM COUNTY CLERK'S OFFICE
I, Charles E. Farley, Clerk of the Putnam County Commission do,
hereby certify that this foregoing is a true and correct copy
and transcript from the record of my office.
Given under my hand and seal of the said commission,
at Winfield, West Virginia, this the _____ day of _____, 198__

By _____
CHARLES E. FARLEY, CLERK, PUTNAM COUNTY COMMISSION
Deputy

STATE OF WEST VIRGINIA, PUTNAM COUNTY CLERK'S OFFICE
I, Charles E. Farley, Clerk of the Putnam County Commission do,
hereby certify that this foregoing is a true and correct copy
and transcript from the record of my office.
Given under my hand and seal of the said commission,
at Winfield, West Virginia, this the 16 day of Feb, 1982
Court Order Book 28 At Page 314
CHARLES E. FARLEY, CLERK, PUTNAM COUNTY COMMISSION
By L. E. Evers Deputy

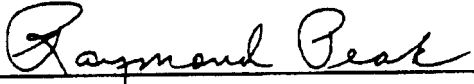
RESOLUTION OF
CITY OF HURRICANE

BE IT RESOLVED by the City Council of the City of Hurricane as follows:

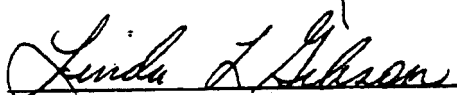
The City of Hurricane hereby consents to the provision of sewerage services by South Putnam Public Service District in the following area within the boundaries of the City of Hurricane:

An area along Route 34 South beginning near the Hurricane Creek bridge and extending along Route 34 to Route 60 and including an area 1,000 feet west along Harbour Lane.

Adopted and effective this 1st day of May, 1995.



Mayor




Recorder

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Council of the CITY OF HURRICANE on the 1st day of May, 1995, which Resolution has not been repealed, rescinded, modified, amended or revoked, as witness my hand and the seal of the City of Hurricane this 1st day of May, 1995.

[SEAL]


Recorder

04/18/95
SPSJ.O2
847280/94001

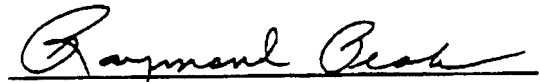
RESOLUTION OF
SANITARY BOARD OF CITY OF HURRICANE

BE IT RESOLVED by the Sanitary Board of the City of Hurricane as follows:

The Sanitary Board of the City of Hurricane hereby consents to the provision of sewerage services by South Putnam Public Service District in the following area within the boundaries of the City of Hurricane:

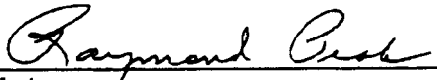
An area along Route 34 South beginning near the Hurricane Creek bridge and extending along Route 34 to Route 60 and including an area 1,000 feet west along Harbour Lane.

Adopted and effective this 1st day of May, 1995.


Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Sanitary Board of the CITY OF HURRICANE on the 1st day of May, 1995, which Resolution has not been repealed, rescinded, modified, amended or revoked, as witness my hand this 1st day of May, 1995.


Chairman

04/25/95
SPSJ.P3
847280/94001

IN THE COUNTY COMMISSION OF PUTNAM COUNTY, WEST VIRGINIA

The County Commission of Putnam County, West Virginia, sitting in regular session this the 15th day of September, 1999 does hereby APPOINT Mr. Leff Moore, 417 Poplar Fork Road, Hurricane, WV 25526 to the South Putnam Public Service District. This term became effective September 1, 1999 and expires August 31, 2005.

It is further ORDERED that the Clerk of this Commission certify one copy of this order to the above-name appointee.

ENTER THIS the 15th day of September, 1999

STATE OF WEST VIRGINIA, PUTNAM COUNTY CLERK'S OFFICE
I, Michael W. Elliott, Clerk of Putnam County Commission do hereby certify that this foregoing is a true and correct copy and transcript from the record of my office. Given under my hand and seal of said commission.

at Winfield, West Virginia, this the 25 day of Jan 2002
MICHAEL W. ELLIOTT, CLERK, PUTNAM COUNTY COMMISSION

By Y. J. J. J. J. Deputy

Clinton Beaver
Clinton Beaver, President

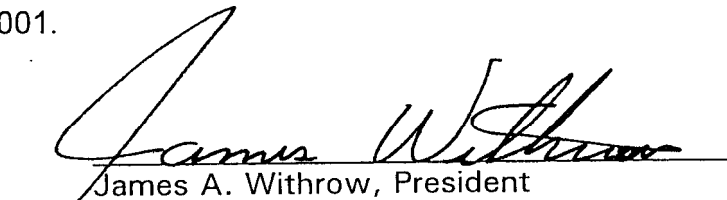
James H. Caruthers, Jr.
James H. Caruthers, Jr., Commissioner

James A. Withrow
James A. Withrow, Commissioner

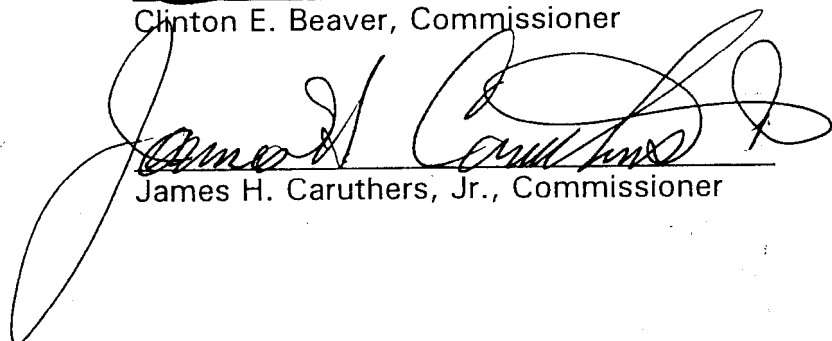
IN THE COUNTY COMMISSION OF PUTNAM COUNTY, WEST VIRGINIA

The County Commission of Putnam County, West Virginia, sitting in regular session this the 28th day of August, 2001 does hereby APPOINT Mr. Jerry Kelley, P. O. Box 208, Red House, WV 25168 to serve on the South Putnam Public Service District Board effective August 28, 2001 with a term to expire on August 28, 2007.

ENTER this 28th day of August, 2001.

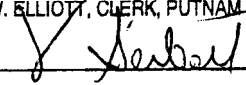

James A. Withrow, President


Clinton E. Beaver, Commissioner


James H. Caruthers, Jr., Commissioner

STATE OF WEST VIRGINIA, PUTNAM COUNTY CLERK'S OFFICE
I, Michael W. Elliott, Clerk of Putnam County Commission do
hereby certify that this foregoing is a true and correct
copy and transcript from the record of my office.
Given under my hand and seal of said commission.

at Winfield, West Virginia, this the 29 day of Jan 20 02
MICHAEL W. ELLIOTT, CLERK, PUTNAM COUNTY COMMISSION

By  Deputy


BOOK 073 PAGE 171

IN THE COUNTY COMMISSION OF PUTNAM COUNTY, WEST VIRGINIA

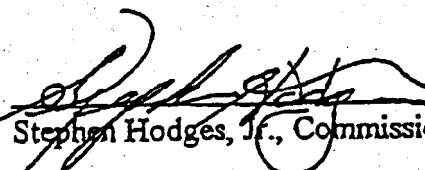
The County Commission of Putnam County, West Virginia sitting in regular session this 20th day of August, 1997, does hereby REAPPOINT Calvin Hatfield, P.O. Box 18, Hurricane, WV 25526 to serve as a member of the South Putnam Public Service Board. This term will expire 08/31/03.

It is further ORDERED that the Clerk of this Commission certify one copy of this order to the above-named appointee.

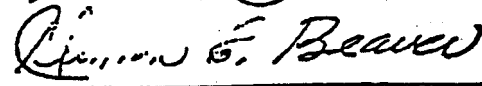
Enter this 20th day of August, 1997.



James H. Caruthers, Jr., President



Stephen Hodges, Jr., Commissioner



Clinton E. Beaver, Commissioner

STATE OF WEST VIRGINIA,

PUTNAM COUNTY, SS:

I, LEFF MOORE, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of _____

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

(TERM TO EXPIRE AUGUST 31, 2005)

to the best of my skill and judgement, SO HELP ME GOD.

Leff Moore

Subscribed and sworn to before me this 27th day of September, 19 99.

Michael W. Elliott
Putnam County Commission,
Winfield, West Virginia

CLERK

STATE OF WEST VIRGINIA

County of Putnam, to-wit:

I, MICHAEL W. ELLIOTT, Clerk of the County Commission of said County, do hereby certify that the foregoing writing was this day produced to me in my said office and together with the certificate thereto annexed, was duly admitted to record therein.

Given under my hand this

27 day of September, 1999

Michael W. Elliott

Clerk

STATE OF WEST VIRGINIA, PUTNAM COUNTY CLERK'S OFFICE

I, Michael W. Elliott, Clerk of Putnam County Commission do hereby certify that this foregoing is a true and correct copy and transcript from the record of my office.
Given under my hand and seal of said commission.

at Winfield, West Virginia, this the 29 day of Jan 20 02
MICHAEL W. ELLIOTT, CLERK, PUTNAM COUNTY COMMISSION

By *Seibert* Deputy

BOOK **0010** PAGE **139**

OFFICIAL OATH

STATE OF WEST VIRGINIA,

PUTNAM COUNTY, SS:

I, Jerry Kelley do solemnly
swear that I will support the Constitution of the United States
and the Constitution of the State of West Virginia, and that I
will faithfully discharge the duties of the office of _____
South Putnam Public Service District Board

to the best of my skill and judgement, SO HELP ME GOD.

Jerry K. Kelley
Subscribed and sworn to before me this 10th day
of September, 2001.

Michael W. Elliott CLERK
Putnam County Commission,
Winfield, West Virginia

BY: Phyllis Ward Deputy

STATE OF WEST VIRGINIA
County of Putnam, to-wit:
I, MICHAEL W. ELLIOTT, Clerk of
the County Commission of said County, do hereby
certify that the foregoing writing was this day pro-
duced to me in my said office and together with
the certificate thereto annexed, was duly admitted
to record therein.

Given under my hand this
10 day of Sept. 2001
Michael W. Elliott Clerk

STATE OF WEST VIRGINIA, PUTNAM COUNTY CLERK'S OFFICE
I, Michael W. Elliott, Clerk of Putnam County Commission do
hereby certify that this foregoing is a true and correct
copy and transcript from the record of my office.
Given under my hand and seal of said commission.

at Winfield, West Virginia, this the 29 day of Jan 2002
MICHAEL W. ELLIOTT, CLERK, PUTNAM COUNTY COMMISSION

BOOK 010 PAGE 377

STATE OF WEST VIRGINIA, } ss.
Putnam County,

I, Calvin L. Hatfield do solemnly swear that I will support the Constitution of the United States of America, and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of a member of the South Putnam Public Service Board to the best of my skill and judgment, so help me God.
(term to expire 8/31/03)

Calvin L. Hatfield

Subscribed and sworn to before me this 5th day of September, 1927

Harold Summers
Putnam County Commissioner, W. Va.

By Virginia Seibert, Deputy.

WEST VIRGINIA, Putnam County Commission Clerk's Office, September 5, 1927

This day the foregoing oath together with certificate attached was duly admitted to record herein.

Attest: Harold Summers, Clerk.

By Virginia Seibert, Deputy.

RULES OF PROCEDURE
SOUTH PUTNAM PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: SOUTH PUTNAM PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at 107 South Poplar Fork Road, Scott Depot, Putnam County, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed South Putnam Public Service District, and in the center "seal" as follows:

Section 4: The fiscal year of the District shall begin on July 1 of each year and shall end on the following June 30.

ARTICLE II

PURPOSE

This District is organized exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act").

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of this District shall be those persons appointed by The County Commission of Putnam County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the second and fourth Tuesdays of each month, at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Public Service Board of the District, 2 members shall constitute a quorum. Each member of the Public Service Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Unless otherwise agreed, notice to members of regular meetings shall not be required. Unless otherwise waived, notice of each special meeting of the membership shall be given to all members by the Secretary by fax, telephone, mail or other satisfactory means at least 3 days before the date fixed for such special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended (1999 Revision), notice of the date, time, place and agenda of all regularly scheduled meetings of such Public Service Board, and the date, time, place and purpose of all special meetings of such Public Service Board, shall be made available, in advance, to the public and news media (except in the event of an emergency requiring immediate action) as follows:

A. Regular Meetings. A notice shall be posted and maintained by the Secretary of the Public Service Board of the Public Service District at the front door or bulletin board of the Putnam County Courthouse and at the front door or bulletin board of the place fixed for regular meetings of the Public Service Board of the date, time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same locations by the Secretary of the Public Service Board not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has been determined.

B. Special Meetings. A notice shall be posted by the Secretary of the Public Service Board at the front door or bulletin board of the Putnam County Courthouse and at the front door or bulletin board of the place fixed for the regular meetings of the Public Service Board not less than 72 hours before a specialy scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

ARTICLE V

OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairman, a Secretary and a Treasurer. The Chairman shall be elected from the members of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board, and may be the same person.

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. The Chairman shall, together with the Secretary, sign the minutes of all meetings at which he or she shall preside. The Chairman shall attend generally to the executive business of the Board and exercise such powers as may be conferred by the Board, by these Rules of Procedure, or as prescribed by law. The Chairman shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. The Secretary shall, together with the Chairman, sign the minutes of the meetings at which he or she is present. The Secretary shall have charge of the minute book, be the custodian of the Common Seal of the District and all deeds and other writings and papers of the Board. The Secretary shall also perform such other duties as he or she may have under law by virtue of the office or as may be conferred from time to time by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 3. The Treasurer shall be the lawful custodian of all funds of the District and shall disburse funds of the District on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 4. If the Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary

or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended, repealed or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment, repeal or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment, repeal or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

These Rules of Procedure shall replace any and all previous rules of procedure, bylaws or similar rules heretofore adopted by the District.

Adopted this 5th day of March, 2002.

APPENDIX

CASE NO: 01-0597-PSD PF.
SOUTH PUTNAM PUBLIC SERVICE
DISTRICT, a public utility
PUBLIC NOTICE

Notice is hereby given pursuant to the requirements of West Virginia Code §16-13A-25 of the intent of South Putnam Public Service District, a public corporation, to file an application with the Public Service Commission for a certificate of convenience and necessity to upgrade its present sewer system.

The proposed project consists of several components which will result in: (1) the provision of sewer service to residents of Hollywood Drive and the Route 35/I-64 interchange located in the Teays Valley area; (2) the upgrading of the District's central interceptor system located in the Teays Valley area so as to provide additional excess capacity needed by the District to meet the continual growth in the area; (3) the provision of sewer service to the new 200-acre Putnam Business Park and approximately 70 residences and businesses in that area as well as the Look Nine area on the north side of the Kanawha River; and, (4) a Facilities Plan providing the District with guidelines for the future development of its sewer system to provide for the unserved and underserved areas of the District's territory and the area immediately adjacent thereto.

As part of the project, the District proposes to refinance \$2.3 Million of existing debt owed to the USDA Rural Development Administration. The total estimated cost of the proposed project, including the refinancing of debt, is \$10,900,000.

It is anticipated that funding for the entire project will be through the issuance of approximately \$6,260,000 in West Virginia Water Development Authority (WDA) bonds for a period not to exceed 40 years at an interest rate not to exceed six (6) percent and a State Revolving Fund (SRF) loan in the amount of \$4,640,000 for a period not to exceed 20 years at an interest rate not to exceed three (3) percent.

Further, in order to meet project and construction costs pending receipt of funds from the WDA and SRF, the District proposes interim borrowing from the Putnam County Bank in an amount not to exceed \$1 Million at an interest rate not to exceed eight (8) percent. Said borrowing will be on a short-term basis and will be retired upon receipt of the WDA and SRF funds.

The District is proposing an increase in rates to its customers of 19.5% per 1,000 gallons, resulting in an average monthly increase for the average residential customers (4,500 gallons per month) of \$3.78, from \$19.40 to \$23.18.

Formal application for a certificate of convenience and necessity will be filed with the Public Service Commission not earlier than thirty (30) days from the second publication of this Notice.

SOUTH PUTNAM PUBLIC
SERVICE DISTRICT

5-10-21

COOKIE ALLEN
PUBLISHER

PHONE 304-562-9881

THE HURRICANE BREEZE

WEEKLY NEWSPAPER FOR ALL OF PUTNAM COUNTY

488 HURRICANE CREEK ROAD

P.O. BOX 310

HURRICANE, WEST VIRGINIA 25526

CERTIFICATE OF PUBLICATION

STATE OF WEST VIRGINIA,
COUNTY OF PUTNAM, To wit:

This day personally appeared before me, a Notary Public of said County of Putnam,.....Ron.Allen.....of The Hurricane Breeze, and after being duly sworn deposes and says that the attached legal publication was duly published in The Hurricane Breeze for.....Two...(2) consecutive issues, in its issues dated .. May 10 & 17, 2001..

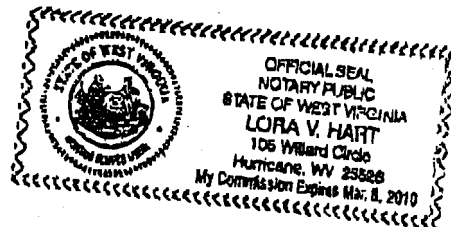
Ron Allen

The Hurricane Breeze

Subscribed and sworn to before me this...18th.....day
of.....May, 2001...

Lora V. Hart

Notary Public



LEGAL NOTICE

Case No. 01-0597-PSD-PF
SOUTH PUTNAM
PUBLIC SERVICE DISTRICT,
a public utility.

PUBLIC NOTICE

Notice is hereby given pursuant to the requirements of West Virginia Code §16-13A-25 of the intent of South Putnam Public Service District, a public corporation, to file an application with the Public Service Commission for a certificate of convenience and necessity to upgrade its present sewer system.

The proposed project consists of several components which will result in: (1) the provision of sewer service to residents of Hollywood Drive and the Route 351-64 interchange located in the Teays Valley area; (2) the upgrading of the District's central interceptor system located in the Teays Valley area, so as to provide additional excess capacity needed by the District to meet the continual growth in the area; (3) the provision of sewer service to the new 200-acre Putnam Business Park and approximately 70 residences and businesses in that area as well as the Lock Nias area on the north side of the Kanawha River; and, (4) a Facilities Plan providing the District with guidelines for the future development of its sewer system to provide for the unserved and underserved areas of the District's territory and the area immediately adjacent thereto.

As part of the project, the District proposes to refinance \$2.3 Million of existing debt owed to the USDA Rural Development Administration. The total estimated cost of the proposed project, including the refinancing of debt, is \$10,900,000.

It is anticipated that funding for the entire project will be through the issuance of approximately \$6,260,000 in West Virginia Water Development Authority (WDA) bonds for a period not to exceed 40 years at an interest rate not to exceed six (6) percent and a State Revolving Fund (SRF) loan in the amount of \$4,640,000 for a period not to exceed 20 years at an interest rate not to exceed three (3) percent.

Further, in order to meet project and operation costs pending receipt of funds from the WDA and SRF, the District proposes interim borrowing from the Putnam County Bank in an amount not to exceed \$1 Million at an interest rate not to exceed eight (8) percent. Said borrowing will be on a short-term basis and will be retired upon receipt of the WDA and SRF funds.

The District is proposing an increase in rates to its customers of 19.5% per 1,000 gallons, resulting in an average monthly increase for the average residential customers (4,500 gallons per month) of \$3.78, from \$19.40 to \$23.18.

Formal application for a certificate of convenience and necessity will be filed with the Putnam Service Commission not earlier than thirty (30) days from the second publication of the Notice.

SOUTH PUTNAM PUBLIC
SERVICE DISTRICT

21 5-10, 5-17

AFFIDAVIT OF PUBLICATION

State of West Virginia, County of Putnam, to wit:

Cost of Publication \$70.56

I, Phyllis Robinson, being first sworn upon my oath, do depose and say that I am Publisher of the newspaper entitled THE PUTNAM DEMOCRAT, a Democratic newspaper; that I have been duly authorized to execute all affidavits of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly on Thursday, for at least fifty weeks during the calendar year, in Winfield, Putnam County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, that the annexed

notice of Public Notice

South Putnam Public Service District

Case No. 01-0597-PSD-PF

Certificate of Convenience and Necessity

to Upgrade its present Sewer System

was duly published in said newspaper once a week for 2 (successive) week(s), commencing with the issue of the 10th day of May 2001, and ending with issue of the 17th day of May 2001, (and was posted, if required, at the _____ on the _____ day of _____, 20____).

1/s/ Phyllis Robinson
Phyllis Robinson, Publisher
The Putnam Democrat

Taken, subscribed and sworn to before me in my said county this 18th

day of May, 2001

My commission expires

May 4 2008

OFFICIAL SEAL
NOTARY PUBLIC, STATE OF WEST VIRGINIA
FREDERICA A. WHITNEY
46 RIVERDALE ESTATES
WINFIELD WV 26213
MY COMMISSION EXPIRES MAY 4 2008

Fredrica A. Whitney
Notary Public of Putnam County, West Virginia

LEGAL NOTICE

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 01-0597-PSD-CN

SOUTH PUTNAM PUBLIC

SERVICE DISTRICT

A public utility

Application for a certificate of convenience and necessity to provide sewer service to residents of Hollywood Drive and the Route 35/Interstate 64 interchange located in the Teays Valley area, to upgrade the District's central interceptor system located in the Teays Valley, to provide sewer service to the new 200-acre Putnam Business Park and the Lock Nine area, to develop a Facilities Plan and to refinance existing bonds.

NOTICE OF HEARING

On August 17, 2001, South Putnam Public Service District, a public utility, filed an application, duly verified, for a certificate of convenience and necessity to construct and operate a sanitary sewer project to provide service to the residents of Hollywood Drive and the Route 35/Interstate 64 interchange located in the Teays Valley area, to upgrade the District's central interceptor system located in the Teays Valley area so as to provide additional excess capacity needed by the District to meet the continual growth in the area, to provide sewer service to the new 200-acre Putnam Business Park and approximately 70 residences and businesses in that area as well as the Lock Nine area on the north side of the Kanawha River, and to develop a Facilities Plan providing the District with guidelines for the future development of its sewer system to provide for the unserved areas of the District's territory and the area immediately adjacent thereto. The District also proposed to refinance \$2,820,000 of existing debt owed to the U.S. Department of Education Administration (R.D.A.).

This project is estimated to cost \$10,900,000, including the refinancing of the existing R.D.A. debt and will result in increased rates and charges. These increased rates and charges have been previously published for public legal notice and are available from the South Putnam Public Service District, P.O. Box 1, P.O. Drive, For Food, Drive, 1, 2nd Floor, Putnam County Courthouse, 3382 Winfield Road, Winfield, West Virginia, at which time and place the Applicant and all interested persons shall appear and represent their interests as may be deemed appropriate.

SOUTH PUTNAM
PUBLIC SERVICE DISTRICT

WINFIELD, WV

AFFIDAVIT OF PUBLICATION

State of West Virginia, County of Putnam, to wit:

Cost of Publication \$62.72

I, Phyllis Robinson, being first sworn upon my oath, do depose and say that I am Publisher of the newspaper entitled THE PUTNAM DEMOCRAT, a Democratic newspaper; that I have been duly authorized to execute all affidavits of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly on Thursday, for at least fifty weeks during the calendar year, in Winfield, Putnam County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, that the annexed

notice of Notice of Hearing

South Putnam Public Service District

Case No. 01-0597-PSD-CN

was duly published in said newspaper once a week for 2 (successive) week(s), commencing with the issue of the 22nd day of Nov. 2001, and ending with issue of the 29th day of Nov. 20 01, (and was posted, if required, at the _____ on the _____ day of _____, 20 _____).

Phyllis Robinson
Phyllis Robinson, Publisher
The Putnam Democrat

Taken, subscribed and sworn to before me in my said county this 30th day of January, 20 02.

My commission expires

May 4, 2008

Frederica A. Whitney
Notary Public of Putnam County, West Virginia

OFFICIAL SEAL
NOTARY PUBLIC, STATE OF WEST VIRGINIA
FREDERICA A. WHITNEY
48 RIVERDALE ESTATES
WINFIELD WV 25213
MY COMMISSION EXPIRES MAY 4 2008

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

ANNUAL ORGANIZATIONAL MEETING

22 January 2002

MINUTES

The Annual Organizational Meeting of the South Putnam Public Service District Board was called to order at 7:00 p.m. by Chairman Leff Moore with Board Members Calvin Hatfield and Jerry Kelley present. Also in attendance were District staff members General Manager Fred Stottlemeyer, Executive Assistant/PSD Board Secretary Janie Carte, and Assistant Manager/Sanitary Sewer Development Jason Henderson. Guests included Teays Lane residents Tom Milam and Clifford Harper, Mike Newton with Presnell Associates/Qk4, and Putnam County Commissioner Jim Withrow.

ELECTION OF OFFICERS

Chairman Leff Moore opened the floor for nominations for the office of Chairman. Calvin Hatfield nominated Leff Moore. The nomination was seconded by Jerry Kelley and was adopted and passed unanimously.

Chairman Leff Moore opened the floor for nominations for the office of Treasurer. Jerry Kelley nominated Calvin Hatfield for Treasurer. The nomination was seconded by Leff Moore and was adopted and passed unanimously.

Chairman Leff Moore opened the floor for nominations for the office of Secretary. Calvin Hatfield nominated Janie Carte for the office of Secretary. The motion was seconded by Jerry Kelley and was adopted and passed unanimously.

Officers for the South Putnam PSD Board for the year 2002 shall be:

Leff Moore - Chairman
Calvin L. Hatfield - Treasurer
R. Jane Carte - Secretary

In related business, a legal advertisement was presented outlining the regular meeting schedule and procedure for notice of regular, special and emergency meetings for the upcoming year. A request received earlier in the year was considered regarding possible revision in the meeting night from the second and fourth Tuesdays. After review and discussion, motion was made by Jerry Kelley and seconded by Calvin Hatfield to approve the advertisement for publication as

South Putnam Public Service District
ANNUAL ORGANIZATIONAL MEETING
MINUTES

22 January 2002

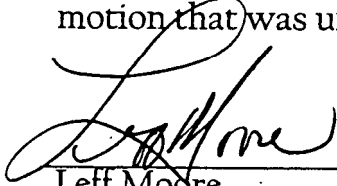
Page 2

presented reflecting no change in meeting night due to the current payroll schedule and timely payment of invoices. Motion carried.

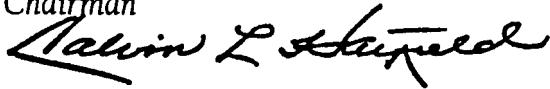
There was discussion regarding a revision in the meeting time allowing for staff presentations and/or reports. Following discussion, motion was made by Jerry Kelley to advertise staff presentations and/or reports starting at 6:30 p.m. with the regular meeting commencing at 7:00 p.m. Calvin Hatfield seconded the motion that was unanimously approved.

ADJOURNMENT

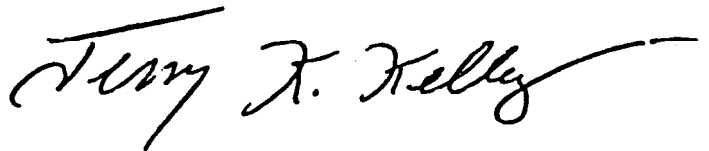
There being no further business, upon motion by Calvin Hatfield, the Annual Organizational Meeting was adjourned at 7:12 p.m. Jerry Kelley seconded the motion that was unanimously approved.



Jeff Moore
Chairman



Calvin L. Hatfield
Treasurer



Jerry K. Kelley
Commissioner



R. Jane Carte
Secretary

LEGAL NOTICE

NOTICE OF SPECIAL MEETING AND PUBLIC HEARING OF THE PUBLIC SERVICE BOARD OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT TO ADOPT BOND RESOLUTION

A special meeting of the Public Service Board of the South Putnam Public Service District (the "District") will be held to consider and adopt the following entitled Resolution, and to take such other action as necessary in relation thereto, on Tuesday, March 5, 2002, at 10:00 a.m., prevailing time, at the 107 South Poplar Fork Road, Scott Depot, West Virginia, and at such meeting the Board shall consider and adopt such Resolution entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY SOUTH PUTNAM PUBLIC SERVICE DISTRICT OF NOT MORE THAN \$7,078,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$1,422,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-quoted title of the Resolution describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The proceeds of the Bonds will be used to provide permanent financing of a portion of the costs of (i) acquisition and construction of certain additions, betterments, improvements and extensions to the existing public sewerage system of the District and (ii) paying costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the sewerage system of the District.

At the special meeting, the Board intends to adopt the Resolution and take such other actions as may be necessary in furtherance of the Project and the financing contemplated by the Resolution. Such meeting is open to the public.

Dated: February 14, 2002.

/s/ R. Jane Carte
Secretary
1t 2-21 demo

ION

Cost of Publication \$44.80

of Putnam, to wit:

sworn upon my oath, do depose and say that I am Publisher of PUTNAM DEMOCRAT, a Democratic newspaper; that I execute all affidavits of publication; that such newspaper has been published weekly on Thursday, for at least fifty years, in Winfield, Putnam County, West Virginia; that such newspaper has a "general circulation," as that term is defined in article three, of the Constitution of West Virginia, 1931, as amended, within the publication territory of the municipality and county; that such newspaper averages in circulation of any cover, per issue; that such newspaper is published at a definite price or consideration; that such newspaper is sold at public resorts for passing events of a political, religious, and for current happenings, announcements, miscellaneous news.

eting and Public Hearing

m Public Service District

Bond Resolution

newspaper once a week for 1 (successive) week(s),

the 21st day of Feb. 20 02,

_____ day of _____ 20_____, (and was posted,

if required, at the _____ on

the _____ day of _____, 20_____).

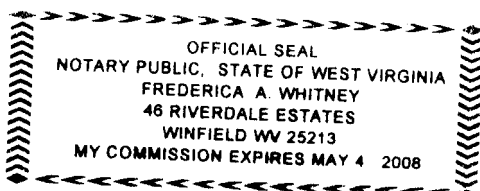
/s/ Phyllis Robinson
Phyllis Robinson, Publisher
The Putnam Democrat

Taken, subscribed and sworn to before me in my said county this 22nd

day of February, 20 02.

My commission expires

May 4, 2008



/s/ Frederica A. Whitney
Notary Public of Putnam County, West Virginia

LEGAL ADVERTISEMENT

COOKIE ALLEN
PUBLISHER

PHONE 304-562-9881

NOTICE OF SPECIAL MEETING AND
PUBLIC HEARING OF THE
PUBLIC SERVICE BOARD OF
SOUTH PUTNAM PUBLIC SERVICE
DISTRICT

TO ADOPT BOND RESOLUTION

A special meeting of the Public Service Board of the South Putnam Public Service District (the "District") will be held to consider and adopt the following entitled Resolution, and to take such other action as necessary in relation thereto on Tuesday, March 5, 2002, at 10:00 a.m., prevailing time, at the 107 South Poplar Fork Road, Scott Depot, West Virginia, and at such meeting the Board shall consider and adopt such Resolution entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY SOUTH PUTNAM PUBLIC SERVICE DISTRICT OF NOT MORE THAN \$7,078,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$1,422,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRE PROGRAM), PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS, AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS, APPROVING RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS, AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above quoted title of the Resolution describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The proceeds of the Bonds will be used to provide permanent financing of a portion of the costs of (i) acquisition and construction of certain additions, betterments, improvements and extensions to the existing public sewerage system of the District and (ii) paying costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the sewerage system of the District.

At the special meeting, the Board intends to adopt the Resolution and take such other actions as may be necessary in furtherance of the Project and the financing contemplated by the Resolution. Such meeting is open to the public.

Dated: February 14, 2002.

/s/ R. Jané Câte
Secretary

2-21-11

THE HURRICANE BREEZE

WEEKLY NEWSPAPER FOR ALL OF PUTNAM COUNTY

488 HURRICANE CREEK ROAD

P.O. BOX 310

HURRICANE, WEST VIRGINIA 25526

CERTIFICATE OF PUBLICATION

STATE OF WEST VIRGINIA,
COUNTY OF PUTNAM, To wit:

This day personally appeared before me, a Notary Public of said County of Putnam,.....Ron Allen.....of The Hurricane Breeze, and after being duly sworn deposes and says that the attached legal publication was duly published in The Hurricane Breeze for.....One ... (1) consecutive issues, in its issues dated February 21, 2002..

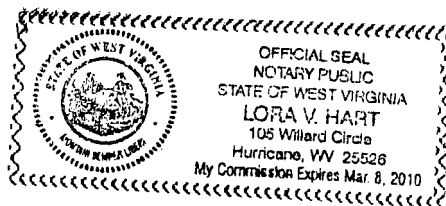
Ron Allen

The Hurricane Breeze

Subscribed and sworn to before me this...22nd.....day
of.....February, 2002...

Lora V. Hart

Notary Public



SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002 A
(United States Department of Agriculture) and
Sewer Revenue Bonds, Series 2002 B
(West Virginia SRF Program)

MINUTES ON ADOPTION OF BOND
RESOLUTION AND SUPPLEMENTAL RESOLUTION

The undersigned SECRETARY of the Public Service Board of South Putnam Public Service District, hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

The Public Service Board of South Putnam Public Service District met in special session, pursuant to notice duly posted, on the 5th day of March, 2002, at the District's offices at 107 South Poplar Fork Road, Scott Depot, West Virginia, at the hour of 10:00 a.m.

PRESENT:	Chairman	-	Leff Moore
	Secretary	-	R. Jane Carte
	Treasurer	-	Calvin L. Hatfield
	Member	-	Jerry Kelley

ABSENT: None.

Leff Moore, Chairman, presided, and R. Jane Carte, acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Chairman presented proposed Rules of Procedure for consideration and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Rules of Procedure be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY SOUTH PUTNAM PUBLIC SERVICE DISTRICT OF NOT MORE THAN \$7,078,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$1,422,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2002 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA SRF PROGRAM), OF THE SOUTH PUTNAM PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE SERIES 2002 B BONDS; AUTHORIZING AND APPROVING THE SALE OF THE SERIES 2002 A BONDS TO THE

UNITED STATES DEPARTMENT OF AGRICULTURE AND
THE SERIES 2002 B BONDS TO THE WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY; DESIGNATING A
REGISTRAR, PAYING AGENT AND DEPOSITORY BANK;
AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Resolution be adopted and be in full force and effect on and from the date hereof.

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

CERTIFICATION

I hereby certify that the foregoing action of South Putnam Public Service Board remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 5th day of March, 2002.


Secretary

02/14/02
847280.00001

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500, Terminal Building

NEW ISSUE REPORT FORM

Date of Report: March 7, 2002

Charleston, WV 25301
(304) 558-3971

ISSUE: South Putnam Public Service District, Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture)

ADDRESS: Post Office Box 147, Scott Depot, West Virginia

COUNTY: Putnam

PURPOSE OF ISSUE: New Money: X
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: March 7, 2002

CLOSING DATE: March 7, 2002

ISSUE AMOUNT: \$7,078,000

RATE: 5%

1ST DEBT SERVICE DUE: N/A

1ST PRINCIPAL DUE: N/A

1ST DEBT SERVICE AMOUNT: \$ N/A

PAYING AGENT: Issuer

BOND

COUNSEL: Stephoe & Johnson PLLC

Contact Person: Vincent A. Collins, Esquire

Phone: (304) 624-8161

UNDERWRITERS

COUNSEL: _____

Contact Person: _____

Phone: _____

CLOSING BANK: Putnam County Bank

Contact Person: _____

Phone: _____

ESCROW TRUSTEE: _____

Contact Person: _____

Phone: _____

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Leff Moore

Position: Chairman

Phone: (304) 757-6551

OTHER: United States Department of Agriculture

Contact Person: Rosemary Christian

Function: Rural Development Specialist

Phone: (304) 252-8644

DEPOSITS TO MBC AT CLOSE:

By: _____ Wire
_____ Check

Accrued Interest: \$ _____

Capitalized Interest: \$ _____

Reserve Account: \$ _____

Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE

By: _____ Wire
_____ Check
_____ IGT

To Escrow Trustee: \$ _____

To Issuer: \$ _____

To Cons. Invest. Fund: \$ _____

To Other: \$ _____

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2002 A Bonds Reserve Account. Payments into the Series 2002 A Bonds Reserve Account will commence on or about April 7, 2004.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____

TRANSFERS REQUIRED: _____

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500, Terminal Building
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: March 7, 2002

ISSUE: South Putnam Public Service District, Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program)

ADDRESS: Post Office Box 147, Scott Depot, West Virginia

COUNTY: Putnam

PURPOSE OF ISSUE: New Money: X
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: March 7, 2002

CLOSING DATE: March 7, 2002

ISSUE AMOUNT: \$1,422,000

RATE: 2%; Administrative Fee 1%

1ST DEBT SERVICE DUE: September 1, 2003

1ST PRINCIPAL DUE: September 1, 2003

1ST DEBT SERVICE AMOUNT: \$21,610

PAYING AGENT: Municipal Bond Commission

BOND

COUNSEL: Step toe & Johnson PLLC

Contact Person: Vincent A. Collins, Esquire

Phone: (304) 624-8161

UNDERWRITERS

COUNSEL: Jackson & Kelly PLLC

Contact Person: Samme L. Gee

Phone: (304) 340-1318

CLOSING BANK: Putnam County Bank

Contact Person: _____

Phone: _____

ESCROW TRUSTEE: _____

Contact Person: _____

Phone: _____

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Leff Moore

Position: Chairman

Phone: (304) 757-6551

OTHER: West Virginia Department of Environmental Protection

Contact Person: Rosalie Brodersen

Function: Branch Leader Management Section, Construction Assistance

Phone: (304) 558-0367

DEPOSITS TO MBC AT CLOSE:

By: _____ Wire
_____ Check

Accrued Interest: \$ _____

Capitalized Interest: \$ _____

Reserve Account: \$ _____

Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE

By: _____ Wire
_____ Check
_____ IGT

To Escrow Trustee: \$ _____

To Issuer: \$ _____

To Cons. Invest. Fund: \$ _____

To Other: _____

NOTES:

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____

TRANSFERS REQUIRED: _____

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

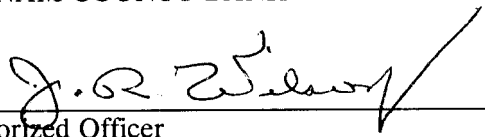
Sewer Revenue Bonds, Series 2002 A
(United States Department of Agriculture)
and Sewer Revenue Bonds, Series 2002 B
(West Virginia SRF Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

Putnam County Bank, Hurricane, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of the South Putnam Public Service District (the "Issuer"), adopted March 5, 2002, and a Supplemental Resolution of the Issuer adopted March 5, 2002 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture) and Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), both dated March 7, 2002, in the respective principal amounts of \$7,078,000 and \$1,422,000 (collectively, the "Bonds") and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 7th day of March, 2002.

PUTNAM COUNTY BANK



Authorized Officer
J. R. Wilson
President

02/14/02
847280.00001

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

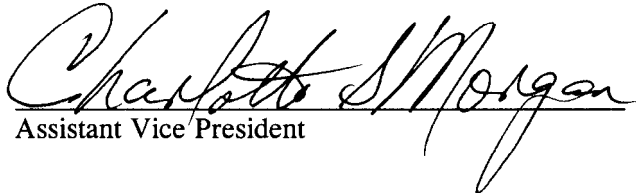
Sewer Revenue Bonds, Series 2002 B
(West Virginia SRF Program)

ACCEPTANCE OF DUTIES AS REGISTRAR OF SERIES 2002 B BONDS

BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the South Putnam Public Service District Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), dated March 7, 2002, in the principal amount of \$1,422,000 ("the Bonds") and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 7th day of March, 2002.

BRANCH BANKING AND TRUST COMPANY


Assistant Vice President

02/14/02
847280.00001

Form **8038-G****Information Return for Tax-Exempt Governmental Obligations**

(Rev. November 2000)

► Under Internal Revenue Code section 149(e)

► See separate instructions.

OMB No. 1545-0720

Department of the Treasury
Internal Revenue Service

Caution: If the issue price is under \$100,000, use Form 8038-GC.

Part I Reporting AuthorityIf Amended Return, check here ☐

1 Issuer's name South Putnam Public Service District	2 Issuer's employer identification number 55 0463396
3 Number and street (or P.O. box if mail is not delivered to street address) Post Office Box 147	4 Report number 3 2002-1
5 City, town, or post office, state, and ZIP code Scott Depot, West Virginia 25560	6 Date of issue March 7, 2002
7 Name of issue South Putnam Public Service District, Sewer Rev. Bonds, Series 2002B (WV SRF Program)	8 CUSIP number N/A
9 Name and title of officer or legal representative whom the IRS may call for more information John C. Stump, Esquire	10 Telephone number of officer or legal representative (304) 353-8196

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11 <input type="checkbox"/> Education	11	
12 <input type="checkbox"/> Health and hospital	12	
13 <input type="checkbox"/> Transportation	13	
14 <input type="checkbox"/> Public safety	14	
15 <input checked="" type="checkbox"/> Environment (including sewage bonds)	15	1,422,000.00
16 <input type="checkbox"/> Housing	16	
17 <input type="checkbox"/> Utilities	17	
18 <input type="checkbox"/> Other. Describe ►	18	
19 If obligations are TANs or RANs, check box <input type="checkbox"/> If obligations are BANs, check box <input type="checkbox"/>		
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>		

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	06/01/2023	\$ 1,422,000.00	\$ 21,503.00	12.021 years	2.0085027 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22 Proceeds used for accrued interest	22	-0-
23 Issue price of entire issue (enter amount from line 21, column (b))	23	1,422,000.00
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	-0-
25 Proceeds used for credit enhancement	25	-0-
26 Proceeds allocated to reasonably required reserve or replacement fund	26	-0-
27 Proceeds used to currently refund prior issues	27	-0-
28 Proceeds used to advance refund prior issues	28	-0-
29 Total (add lines 24 through 28)	29	1,422,000.00
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	1,422,000.00

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31 Enter the remaining weighted average maturity of the bonds to be currently refunded	N/A	years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	N/A	years
33 Enter the last date on which the refunded bonds will be called	N/A	
34 Enter the date(s) the refunded bonds were issued	N/A	

Part VI Miscellaneous

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	-0-
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	-0-
b Enter the final maturity date of the guaranteed investment contract	37a	-0-
37 Pooled financings: a Bonds of the issue that are to be used to make loans to other governmental units		
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the name of the issuer		
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box <input type="checkbox"/>		
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>		
40 If the issuer has identified a hedge, check box <input type="checkbox"/>		

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Sign
Here

Signature of issuer's authorized representative

Date

March 7, 2002

Leff Moore, Chairman

Type or print name and title

ENVELOPE
POSTMARK DATE
MAR 13 2002

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

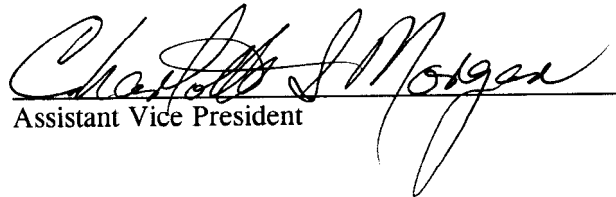
Sewer Revenue Bonds, Series 2002 B
(West Virginia SRF Program)

CERTIFICATE OF REGISTRATION OF SERIES 2002 B BONDS

BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned bond issue of the South Putnam Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered South Putnam Public Service District Sewer Revenue Bond, Series 2002 B (West Virginia SRF Program), of the Issuer, dated March 7, 2002, in the principal amount of \$1,422,000, numbered BR-1, is registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Branch Banking and Trust Company, as Registrar.

WITNESS my signature on this 7th day of March, 2002.

BRANCH BANKING AND TRUST COMPANY


Assistant Vice President

02/27/02
847280.00001

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002 B
(West Virginia SRF Program)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 7th day of March, 2002, by and between the SOUTH PUTNAM PUBLIC SERVICE DISTRICT, a public service district and public corporation and political subdivision of the State of West Virginia (the "Issuer"), and BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$1,422,000 Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), in fully registered form (the "Series 2002 B Bonds"), pursuant to a Bond Resolution of the Issuer duly adopted March 5, 2002, and a Supplemental Resolution of the Issuer duly adopted March 5, 2002 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: South Putnam Public Service District
Post Office Box 147
Scott Depot, West Virginia 25560
Attention: Chairman

REGISTRAR: Branch Banking and Trust Company
Post Office Box 1793
300 Summers Street
Charleston, West Virginia 25326
Attention: Corporate Trust Department

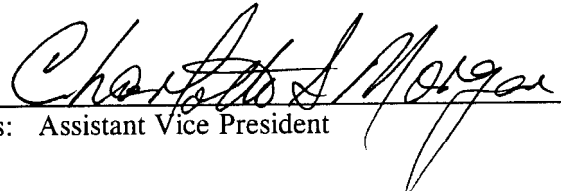
8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

By: 
Its: Chairman

BRANCH BANKING AND TRUST COMPANY

By: 
Its: Assistant Vice President

02/14/02
847280.00001

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

(See attached)



Branch Banking & Trust Co.

Trust Department

300 Summers Street
P.O. Box 1793
Charleston, WV 25326
(304) 348-7081
(800) 336-5450

March 7, 2002

South Putnam Public Service District
Attention: Chairman
Post Office Box 147
Scott Depot, WV 25560

RE: Invoice

**SOUTH PUTNAM PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS,
SERIES 2002 B (WEST VIRGINIA SRF PROGRAM)**

**ONE TIME FEE FOR SERVICES AS REGISTRAR AND
AUTHENTICATING AGENT.....250.00**

Please forward remittance to:

Branch Banking and Trust Co.
Attn: Charlotte S. Morgan
P. O. Box 1793
Charleston WV 25326
Telephone: (304) 348-7239



Division of Water Resources
1201 Greenbrier Street
Charleston, West Virginia 25311
Phone (304) 558-4086
Fax (304) 558-5903

West Virginia Department of Environmental Protection

Bob Wise
Governor

Michael O. Callaghan
Secretary

March 06, 2002

MR. FRED STOTTLEMYER
SOUTH PUTNAM PSD
PO BOX 147
SCOTT DEPOT, WV 25560

CERTIFIED RETURN RECEIPT REQUESTED

Dear Permittee:

Enclosed please find WV/NPDES Permit Number WV0084051 dated March 06, 2002.

South Putnam Public Service District submitted comments by letters of February 2, 2002 and February 12, 2002. Division of Water Resources has reviewed the comments and following is our response:

Comment No. 1 : Extension of sewer collection line to serve approximately 70 customers in the Fraziers Bottom and Midway area.

Division of Water Resources concurs with South Putnam PSD's request and the final permit has been revised to incorporate extension of sewer collection line to serve additional customers in the Fraziers Bottom and Midway area.

Also, please note the attachment to this permit which describes the annual permit fee requirement. Reissuance of your permit does not change the annual fee billing cycle.

Finally note that copies of all future correspondence regarding the permit including copies of DMRs must be forwarded to the Field Inspector and Field Supervisor at the following address :

Department of Environmental Protection
Environmental Enforcement
PO Box 662
Teays, WV 25569

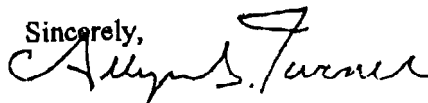
MR. FRED STOTTLEMYER

Page 2

March 06, 2002

If you have any questions, please contact Bhupinder Gill of this Division at (304) 558-4086 or our TDD number (304) 558-2751.

Sincerely,

A handwritten signature in black ink, appearing to read "Allyn G. Turner". The signature is fluid and cursive, with the first name "Allyn" and last name "Turner" clearly distinguishable.

Allyn G. Turner
Director

AGT:BG

Enclosures



STATE OF WEST VIRGINIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
DIVISION OF WATER RESOURCES
1201 GREENBRIER STREET
CHARLESTON, WV 25311

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
WATER POLLUTION CONTROL PERMIT

NPDES PERMIT NO.: WV0084051
SUBJECT: Sewage Collection System

ISSUE DATE: March 06, 2002
EFFECTIVE DATE: April 05, 2002
EXPIRATION DATE: March 05, 2007
SUPERSEDES: Permit No. WV0084051
dated March 21, 1995

LOCATION: SCOTT DEPOT
(City)

Putnam
(County)

Lower Kanawha River
(Drainage Basin)

See the next page for a list of Outlets.

TO WHOM IT MAY CONCERN:

This is to certify that: SOUTH PUTNAM PSD
PO BOX 147
SCOTT DEPOT, WV 25560

is hereby granted a West Virginia NPDES Water Pollution Control Permit to:

operate and maintain an existing wastewater collection system comprised of approximately 6,703 linear feet of four(4) inch diameter gravity sewer line, 24,762 linear feet of six(6) inch diameter gravity sewer line, 563,415 linear feet of eight(8) inch diameter gravity sewer line, 35,204 linear feet of 10 inch diameter gravity sewer line, 10,251 linear feet of 12 inch diameter gravity sewer line, 7,462 linear feet of 15 inch diameter gravity sewer line, 3,843 linear feet of 16 inch diameter gravity sewer line, 7,609 linear feet of 18 inch diameter gravity sewer line, 7,748 linear feet of 21 inch diameter gravity sewer line, 940 linear feet of 24 inch diameter gravity sewer line, 2,250 manholes, 75 cleanouts, 13 lift stations, 18,168 linear feet of two(2) inch diameter force main line, 4,144 linear feet of two and one half(2 & 1/2) inch diameter force main line, 6,752 linear feet of three(3) inch diameter force main line, 13,776 linear feet of four(4) inch diameter force main line, 16,365 linear feet of six(6) inch diameter force main line, 5,023 linear feet of eight(8) inch diameter force main line, 6,500 linear feet of 14 inch diameter force main line, and all requisite appurtenances.

To acquire, construct, install, operate and maintain a wastewater collection system to be comprised of approximately 396 linear feet of six(6) inch diameter gravity sewer line, 26,537 linear feet of eight(8) inch diameter gravity sewer line, 10,290 linear feet of 10 inch diameter gravity sewer line, 23,369 linear feet of 12 inch diameter gravity sewer line, 2,400 linear feet of 15 inch diameter gravity sewer line, 432 linear feet of 18 inch diameter gravity sewer line, 344 manholes, seven(7) lift stations, 890 linear feet of two(2) inch diameter force main line, 9,888 linear feet of six(6) inch diameter force main line, 7,282 linear feet of eight(8) inch diameter force main line, 4,847 linear feet of 10 inch diameter force main line, and all necessary requisite appurtenances.

These proposed facilities are to serve a population equivalent of approximately 90 new customers in the Teays Valley area and 140 new customers in the Fraziers Bottom and Midway area of the South Putnam Public Service District Collection System respectively. The wastewaters are conveyed to the City of Hurricane and the Town of Eleanor wastewater treatment plants for subsequent treatment and discharge. The additional wastewater flow to

be generated is anticipated to be approximately 86,000 gallons per day. The existing and proposed facilities are to serve a population equivalent of approximately 20,500 persons in the South Putnam Public Service District and environs.

The wastewater collection system extensions shall be constructed in accordance with the plans, specifications and reports approved by the Division of Water Resources - Construction Assistance Office. A further description of these documents is presented as follows:

Plans, Specifications, and Reports:

Prepared by: H.K. Bell

and Randolph Engineers

SRF Project No.: C-544276

Approval Date: November 15, 2001

This permit is subject to the following terms and conditions :

The information, submitted on and with Permit Application No. WV0084051, dated the 12th day of September 2001, and additional information received on November 29, 2001, are all hereby made terms and conditions of this Permit with like effect as if all such Permit application information was set forth herein, and with other conditions set forth in Sections A, B, C, D, and Appendix A.

The validity of this permit is contingent upon the payment of the applicable annual permit fee, as required by Chapter 22, Article 11, Section 10 of the Code of West Virginia.



Division of Water Resources
1201 Greenbrier Street
Charleston, West Virginia 25311
Phone (304) 558-4086
Fax (304) 558-5903

West Virginia Department of Environmental Protection

Bob Wise
Governor

Michael O. Callaghan
Secretary

January 11, 2002

MR. FRED STOTTEMYER
SOUTH PUTNAM PSD
PO BOX 147
SCOTT DEPOT, WV 25560

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit No. WV0115100
General Permit Registration No. WVG072435
Central Valley/Frazier's Bottom/Hollywood Dr., Putnam
County

Dear Permittee:

Attached is a copy of your completed registration form for your activity with the above assigned registration number. You are now authorized to operate under General Permit No. WV0115100. This registration form should be kept with your copy of the General Permit. You should carefully read the contents of the permit and become familiar with all requirements needed to remain in compliance with the permit.

Although you should be aware of all the terms and conditions of this permit, we wish to advise you of the following important requirements:

1. In accordance with Section G.4 of the General Permit, you have developed a complete storm water pollution prevention plan. This plan is to be retained on site and be available for review by the Director or his authorized representative as of the date of your coverage by the General Permit, which is the date of this letter.
2. The erosion control measures approved by this agency for this project shall be maintained in proper condition to individually and collectively perform the functions for which they were designed. In order to insure the efficiency and proper maintenance of these measures, the permittee shall make sufficiently frequent, periodic inspections to detect any impairment of the designed stability, capacity or environmental requirements of the approved measures. The permittee shall take immediate steps to correct any such impairment found to exist.
3. If this SWPPP proves to be ineffective in controlling erosion and the sediment in storm water discharges associated with industrial/construction activities, or site conditions change, the Permittee shall amend the SWPPP and install appropriate sediment and/or control devices in accordance with Section G.4.c) of this permit and the application instructions.
4. The current General Permit expires on December 4, 2002. If you wish to continue an activity regulated by this permit after the expiration date of the permit, provisions for coverage will be made during the public notice process for any new General Permit to be issued at that time.



United States
Department of
Agriculture

Rural
Development

Federal Building
75 High Street, Room 320
Morgantown, WV 26505-7500
Phone (304) 284-4888
FAX (304) 284-4892
TTY/TDD (304) 284-4836

December 26, 2001

Mr. Leff Moore, Chairman
South Putnam Public Service District
P.O. Box 147
Scott Depot, WV 25560

Dear Mr. Moore:

This letter, with Attachments 1 through 9 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS loan in the amount of \$7,078,000, and other funding in the amount of \$1,422,000, for a total project cost of \$8,500,000. The other funding is planned in the form of a loan from the West Virginia Division of Environmental Protection's State Revolving Fund.

The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted. Enclosed are the following:

- Attachment No. 1 - Project Construction Budget (All Copies)
- Attachment No. 2 - Water and Waste Processing Checklist (All Copies)
- Attachment No. 3 - RUS Instruction 1780, Subparts A and B (Applicant Copy)
- Attachment No. 4 - RUS Instruction 1780, Subpart C (Engineer Copy)
- Attachment No. 5 - RUS Instruction 1780, Subpart D (Attorney and Bond Counsel Copies)
- Attachment No. 6 - Government Auditing Standards (Revision 1994) (Accountant Copy)

- Attachment No. 7 - RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement "
- Attachment No. 8 - RUS Bulletin 1780-31, "Water Programs Compliance Supplement for OMB Circular A-133 Audits"
- Attachment No. 9 - Various other RD Forms as identified on Attachment No. 2

The conditions referred to above are as follows:

1. Loan Repayment - The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 5.0% interest rate and a monthly amortization factor of 0.00487, which provides for a monthly payment of \$34,470. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan.

You are reminded that your authority may be required to refinance (graduate) the unpaid balance of its RUS loan, in whole or in part, upon the request of RUS if at any time it shall be determined the authority is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time.

2. Security - The loan must be secured by a statutory lien of equal priority with the PSD's existing sewer revenue bonds, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-27 which is mentioned later.
3. Users - This conditional commitment is based upon you providing evidence that you will have at least 8,900 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of a certification from you that identifies and attests to the number of users actually connected to and using the PSD's existing sewer system, which is to be partially replaced by the new system, at the time you request authorization to advertise the proposed project for construction bids.

RUS is not requiring User Agreements for this project, due to State law requiring mandatory connection to gravity-flow sewer systems. Recourse for non-payment of sewer bill is disconnection of water service.

4. Bond Counsel - The services of a recognized bond counsel are required. The bond counsel will prepare the form of resolution to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.
5. Engineering Services – As RUS is not participating in the payment of engineering fees for this project, we will not be providing a review of the Engineering Agreements.
6. Legal Services – All legal services contracts for this project have been reviewed and approved by separate memorandum.
7. Accounting Services – The accounting services contract for this project has been reviewed and approved by separate memorandum. The accountant has agreed to develop and provide the following:
 - a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).
 - b. Prior to the advertisement of bids, your accountant must certify that the accounts and records as required by your bond resolution have been established and are operational.

Compensation in the contract includes only those services identified above and does not include payment for construction management services from the accountant. RUS concurrence must be obtained prior to payment for such services.

RUS regulations (Attachment No. 3) outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on your PSD. The attached booklets, "Government Auditing Standards (Revised 1994)" (Attachment No. 6), and RUS Bulletins 1780-30 1780-31 (Attachment Nos. 7 and 8) outline audit requirements.

You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends \$300,000 or more in federal funds in any one fiscal year. You must enter into an agreement annually with an accountant (or the State Tax Department) to perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit are not included in project funds and should be paid from the operational revenues generated from your system operation.

8. Facility Control - Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:
- a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.
 - b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the PSD already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.
 - c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.
 - d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions.
 - e. On the day of loan closing, the PSD's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the PSD has already acquired real property(s) (land or facilities), the PSD's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.
9. Permits - Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:
- West Virginia Department of Highways
 - Railroads
 - State Department of Health

- Department of Environmental Protection
- Corps of Engineers
- Public Land Corporation

10. Public Service Commission Approvals - You must obtain the following from the Public Service Commission of West Virginia:

- a. A Certificate of Convenience and Necessity.
- b. Approval of user charges that are acceptable to you and the Rural Utilities Service.
- c. Approval of financing for the project's proposed financing arrangements.

The "Rule 42" Exhibit to be attached to the Public Service Commission application must contain at least the information shown in Attachment No. 1. A copy of the Public Service Commission application and its "Rule 42" Exhibit must be provided for review.

11. Insurance and Bonding Requirements - Prior to preliminary loan closing, you must acquire the following insurance and bond coverage:

- a. Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. The limits of liability coverage noted herein should be considered as suggested amounts only. RUS recommends that you consider analyzing your actual needs in detail before you obtain coverage in a specific amount.
- b. Workers' Compensation - In accordance with appropriate State laws.
- c. Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. The minimum coverage acceptable to RUS will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s).
- d. National Flood Insurance - In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:

- (1) If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.
- (2) Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.
- e. Real Property Insurance - Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

12. Contract Documents, Final Plans and Specifications -

- a. The contract documents should consist of the following:
 - (1) EJCDC Document No. 1910-8-A-1-FA, 1997 Edition, "Standard Form of Agreement between Owner and Contractor on the Basis of Stipulated Price" and EJCDC Document No. 1910-8-FA, "Standard General Conditions of the Construction Contract – Funding Agency Edition" and Attachments. The EJCDC document is issued under copyright and cannot be provided by RUS.
 - (2) "RUS Supplemental General Conditions."
- b. The contract documents must provide, as a minimum, the following insurance:
 - (1) Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. This coverage must include indemnification of the PSD and its engineer. RUS Bulletin 1780-13, Attachment 9, suggests certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.
 - (2) Builder's Risk Insurance - On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.
 - (3) Workers' Compensation - In accordance with applicable State laws.
- c. The contract documents and final plans and specifications must be submitted to RUS for approval.

d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.

13. Disbursement of Funds - The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of your PSD, over 30 day periods.

The PSD must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RUS.

14. Other Funds - Prior to advertisement for construction bids, you must provide evidence showing the approval of the other project funds. This evidence should include a copy of the funding award. Prior to award of the contract(s) to the contractor(s), you must provide evidence that the other funds are available for expenditure. This evidence should consist of at least a letter from the funding agency stating the funds are available for expenditure.
15. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

Form RD 442-7 - "Operating Budget"

Form RD 1940-1 - "Request for Obligation of Funds"

RUS Bulletin 1780-27 - "Loan Resolution (Public Bodies)"

Form RD 400-1 - "Equal Opportunity Agreement"

Form RD 400-4 - "Assurance Agreement"

Form AD 1047 - "Certification Regarding Debarment - Primary"

Form RD 1910-11 - "Applicant Certification, Federal Collection Policies"

FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"

Standard Form LLL - "Disclosure of Lobbying Activities" (If Applicable)

Certification of Compliance

Form RD 1942-46, "Letter of Intent to Meet Conditions"

16. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan docket. All the items listed must be included in the loan docket when it is forwarded to the USDA - Rural Development State Office with a request for loan closing instructions to be issued.
17. Upon receipt of the loan docket, which contains all the items required above, RUS may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RUS with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids

received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed.

When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the authority still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely yours,

JENNY N. PHILLIPS
State Director

Enclosures

cc: Rural Development Specialist
Beckley, WV

Ralph W. Bassett, Jr., CPA
Bassett and Associates
1156 South Main Street
Milton, WV 25541

Robert Rodecker, Esquire
P.O. Box 3713
Charleston, WV 25337

David Moye, Esquire
P.O. Box 1074
Hurricane, WV 25526

Howard K. Bell, Consulting Engineers, Inc.
3983 Teays Valley Road, Suite 202
Scott Depot, WV 25560

Randolph Engineering
4414 Teays Valley Road
Scott Depot, WV 25560

John Stump, Esquire
Steptoe and Johnson
P.O. Box 1588
Charleston, WV 25326

Project Construction Budget - See Page 3.

Rates

Available for general domestic, commercial and industrial service.

Metered Customers - Flat Rate of \$5.02 per 1,000 gals.

Unmetered Customers – Flat Rate of \$15.06

Minimum Charge

No bill shall be rendered for less than the following amounts according to the size of meter installed.

5/8" x 3/4" meter	\$10.04 per month
3/4" meter	\$15.06 per month
1" meter	\$25.10 per month
1 1/2" meter	\$50.20 per month
2" meter	\$80.32 per month
3" meter	\$150.60 per month
4" meter	\$251.00 per month
6" meter	\$502.00 per month
8" meter	\$803.20 per month

Minimum Monthly Bill - \$10.04 for 2,000 gallons

Delayed Payment Penalty

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to net amount shown.

If any bill is not paid within sixty (60) days after date, water service to the customer will be discontinued. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

Connection Charge

Prior to Construction - \$50.00

After the start of construction, there shall be a charge of \$250.00 for connection to the system.

Reconnection Charge

\$25.00

Use and Income Analysis - See Pages 4 and 5.

Cash Flow Analysis – See Page 6.

Attachment No.1 to Letter of Conditions				
For: South Putnam Public Service District				
Date: November 14, 2001				
PROJECT CONSTRUCTION BUDGET				
SOUTH PUTNAM PUBLIC SERVICE DISTRICT				
<u>PROJECT COST</u>	<u>SOURCE</u>	<u>SOURCE</u>	<u>SOURCE</u>	<u>TOTAL</u>
	SRF	RUS LOAN		
CONSTRUCTION		\$ 5,600,000		\$ 5,600,000
CONST. CONTINGENCY		\$ 508,900		\$ 508,900
LAND & RIGHTS		\$ 120,000		\$ 120,000
LEGAL FEES		\$ 13,000		\$ 13,000
BOND COUNSEL		\$ 20,000		\$ 20,000
ACCOUNTING		\$ 6,000		\$ 6,000
ENGINEERING FEES				\$ 1,310,000
Basic -	\$ 455,000			
Insp. -	\$ 240,000			
Archeological	\$ 10,000			
Special -	\$ 135,000			
Facilities Plan	\$ 360,000			
Mapping	\$ 110,000			
INTEREST		\$ 300,000		\$ 300,000
ADMINISTRATION		\$ 141,000		\$ 141,000
EQUIPMENT		\$ 263,000		\$ 263,000
PROJECT CONTG.	\$ 112,000	\$ 106,100		\$ 218,100
TOTAL	\$ 1,422,000	\$ 7,078,000	\$ -	\$ 8,500,000

Attachment No. 1 to Letter of Conditions
 For: South Putnam Public Service District
 Date: November 14, 2001

"APPLICANT NAME"
 USE AND INCOME ANALYSIS
 EXISTING SYSTEM

Blocking	Cust.	Gal/ Mo.	Minimum Bills	ALL GALLONS PER MONTH
0 - 2,000	1293	1329	1293	
all meter sizes/1000	7212	37174		37174

Monthly Total	8505	38503	1293	37174	0	0
Proposed Rates	\$	10.04	\$	5.02	\$	-
Monthly Revenues	\$	12,981.72	\$	186,613.48	\$	199,595.20
Annual Revenues	\$	155,780.64	\$	2,239,361.76	\$	2,395,142.40

South Putnam Public Service District
USE AND INCOME ANALYSIS
"IDENTIFIED EXTENSION AREAS"

Blocking	Cust.	Gal/ Mo.	Minimum Bills	ALL GALLONS PER MONTH
0 - 2,000 all meter sizes/1000	395	1777		1777
Monthly Total	395	1777	0	1777
			0	0
Proposed Rates			\$ 10.04	\$ 5.02
Monthly Revenues			\$ -	\$ 8,920.54
Annual Revenues			\$ -	\$ 107,046.48
			\$ -	\$ -
			\$ -	\$ 8,920.54
			\$ -	\$ 107,046.48

Potential users who are unmetered were not used in calculation of revenue as there is no recourse for nonpayment of sewer bill such as disconnection of water service. Therefore, the only recourse for collection by the PSD would be through judicial means. The PSD has determined that the number of unmetered users in this system will be less than 5% of potential users.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT
OPERATING BUDGET

11/14/01

OPERATING INCOME

Metered Sales	\$	2,502,189	
Penalties***	\$	37,533	
Other Income **	\$	81,127	
Reconnect Fees	\$	575	
TOTAL OPERATING INCOME			<u>\$ 2,621,424</u>

NON OPERATING INCOME

Interest income	\$	15,811	
TOTAL NON OPERATING INCOME			<u>\$ 15,811</u>

TOTAL INCOME

\$ 2,637,235

EXPENSES

O & M	\$	1,728,942	
Taxes	\$	65,312	
TOTAL EXPENSES			<u>\$ 1,794,254</u>

INCOME AVAILABLE FOR D/S (A)

\$ 842,981

DEBT SERVICE

Existing Bond P & I (B)	\$	216,672	
Proposed Bond P & I (B)	\$	413,640	
Proposed Other	\$	94,706	
TOTAL DEBT SERVICE			<u>\$ 725,018</u>

DEBT SERVICE RESERVE

Debt Service Reserve*	\$	63,032	
TOTAL DEBT SERVICE RESERVE			<u>\$ 63,032</u>

SURPLUS (DEFICIT)

\$ 54,931

DEBT COVERAGE (A/B)

\$ 1.16

Increase needed: (0.37)

** Taken from Rule 42 historical data dated 10/25/01 and includes revenues from well, surface drainage, misc. income, contract earned income, and tap fees.

*** Penalties are based on 1.5% of anticipated revenues including new users of the proposed extension per Rule 42 dated 10/25/01.

Date: _____

**UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE
Water and Waste Processing Checklist**

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
SF 424.2	Application for Federal Assistance	3	1780.31(b)	Applicant		Have	3
Bulletin 1780-22	Public Notice of Intent to File App./ Env. Notice	3	1780.19(a) 1794	Applicant		Have	3
	Applicant Eligibility Certification/ Other Credit Certification	1	1780.33(d)	Applicant		Have	3
	Bond Ordn. or Resol. On Outstanding Debts	1	1780.33(e)	Applicant/ Attorney		Have	5
	Bonds or Notes Outstanding Debt	1	1780.33(e)	Applicant/ Attorney		Have	5
	Audit for last year of operation	1	1780.33(e)	Applicant/ Accountant		Have	1
	Staff Review Financial Statements	1	S.I. 1780.2	RUS			1
EJCDC No. 1910-1-FA	Agreement between Owner & Engineer	3	1780.39(b)	Applicant/ Engineer		Have	6
Bulletin 1780-7 or other approved	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	Applicant/ Attorney		Have	5

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Site Visit		S.I. 1780-2	RUS			3
	Processing Conference	1	1780.39(a)	RUS			3
	Environmental Report	2	1794	Applicant		Have	3
	Environmental Assessment	2	1794	RUS/ Engineer		Have	3
	FONSI/ Evidence of Publication	1	Exhibit 1 RUS 1794 News Ad	RUS/ Applicant			3
Bulletins 1780-2 1780-3	Preliminary Engineering Report	2	1780.33(c)	Engineer		Have	6
	Staff Engineer PER Review	1	1780.33(c)	RUS		Have	3
	Bill Analysis for existing system(s)	2	1780.33(c)	Applicant/ Engineer			8
	Projected Bill Analysis for New Users	2	1780.33(c)	Applicant/ Engineer			8
	Statement reporting the <u>total</u> number of <u>potential</u> users		1780.33(c)	Applicant/ Engineer		Have	8
	Copy of Existing Rate Tariff	2	1780.33	Applicant		Have	8
	Applicant's IRS Tax Number(TIN)	1	1780.33(g)	Applicant		Have	3
	Documentation on Service Area	1	1780.11	RUS		Have	3

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Agency Determination on the Availability of "Other Credit" with Documentation	1	1780.7(d)	RUS			3
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS			3
	Letter of Conditions	7	1780.41 (a)(5)	RUS			3
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	Applicant			2
RD 1942-45	Project Summary	3	1780.41(a)	RUS			1
RD 442-7	Operating Budget	3	1780.33(h)	Applicant			3
RD 1942-14	Project Fund Analysis	3	1780.41(a)	RUS			2
RD 1940-1	Request for Obligation of Funds	4	1780.41(a)	RUS/ Applicant			2
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	Applicant			3
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	Applicant			5
	Relationships/ Associations with Agency Employees	1	1780.1(f)	RUS			3
RD 1910-11	Applicant Certification, Federal Collection Policies	1	1780.33(h)	Applicant			3

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	Applicant			5
RD 400-1	Equal Opportunity Agreement	1	1901-E	Applicant			6
RD 400-4	Assurance Agreement	1	1901-E	Applicant			3
	Legal Services Agreement with Bond Counsel	1	1780.39 (b)(3)	Applicant/ Bond Counsel			5
	Agreement for Accounting Services	1	1780.39 (b)(2)	Applicant/ Accountant		Have	5
	Certification Relative to Existing Users	1	LOC	Applicant			5
	Verification of Users	1	1780.44(b)	RUS			3
	Accountant's Certification	1	LOC	Applicant/ Accountant			6
	RUS Review of Accounting Records	1	S.I. 1780-4 (1)(ii)	RUS			3
	Copy of PSC Rule 42 Exhibit	1	State	Attorney/ Accountant			3
	DOH Permit	1	1780.15(d)	Applicant			6
	Railroad Permit	1	1780.15(d)	Applicant			6
	Public Land Corp. Permit	1	1780.15(d)	Applicant			6
	Corps of Engineers Permit	1	1780.15(d)	Applicant			6

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Dept. of Health Approval	1	1780.15(d)	Engineer			6
	Dept. of Environmental Protection Permit	1	1780.15(d)	Engineer			6
	Contract Docu- ments, Plans & Specifi- cations	2	1780.61(a)	Engineer		Have	Separate File
	Agency Deter- mination on Procurement	1	1780.70(d)	RUS			6
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			5
	Right-of-Way Map	1	1780.44(g)	Engineer			Separate File
	Deeds and/or Options		1780.44.(g)	Applicant/ Attorney			5
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Narrative Opinion from Attorney	1	1780.44(g)	Attorney			5
	Waiver of Title Defects Letter	1	1780.44(g)	RUS			5
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Attorney			5
	Review of Outstanding Judgment	1	1780.7(g)	RUS/ Attorney			3

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Evidence of "Other Funds"	1	1780.44(f)	Applicant			2
SF 3881	Electronic Funds Transfer Payment Enrollment Form	1	31 CFR 208	Applicant/ Financial Institution			2
	Positive Program to Encourage Connections when Completed	1	1780.39 (c)(5)	Applicant			5
RD 442-10	Appraisal Report	1	1780.44(g)	RUS			8
	PSC Approval	1	1780.15(b)	Applicant/ Attorney			5
	Bid Tabulation	1	1780.61(b)	Engineer			6
	OGC Closing Instructions	1	1780.44(h)	RUS			5
	S/O Closing Instructions	1	1780.44(h)	RUS			5
RD 1927-10	Final Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Bond Transcript Documents w/o Defeasance Provisions	3	1780.83	Bond Counsel			Separate File
RD 400-8	Compliance Review	1	1780.44(c)	RUS			5
	Liability Insurance	1	1780.39(g)	Applicant			7
	Workers' Compensation Certificate	1	1780.39(g)	Applicant			7

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Flood Insurance Policy	1	1780.39(g)	Applicant			7
440-24	Fidelity Bond	1	1780.39(g)	Applicant			7
1924-16	Record of Pre-Construction Conference	1	1780.76(a)	RUS/ Engineer			6
AD 1048	Certification Regarding Debarment (Contractor)	1 each	1780.33(h)	All Appropriate Vendors			5
	OGC Final Opinion	1	1780.45(g)	RUS			5

Subpart D - Information Pertaining to Preparation of Notes or Bonds and Bond Transcript Documents for Public Body Applicants

§1780.80 General.

This subpart includes information for use by public body applicants in the preparation and issuance of evidence of debt (bonds, notes, or debt instruments, referred to as bonds in this subpart) and other necessary loan documents.

§1780.81 Policies related to use of bond counsel.

The applicant is responsible for preparation of bonds and bond transcript documents. The applicant will obtain the services and opinion of recognized bond counsel experienced in municipal financing with respect to the validity of a bond issue, except for issues of \$100,000 or less. With prior approval of the approval official, the applicant may elect not to use bond counsel. Such issues will be closed in accordance with the following:

- (a) The applicant must recognize and accept the fact that application processing may require additional legal and administrative time;
- (b) It must be established that not using bond counsel will produce significant savings in total legal costs;
- (c) The local attorney must be able and experienced in handling this type of legal work;
- (d) The applicant must understand that it will likely have to obtain an opinion from bond counsel at its expense should the Agency require refinancing of the debt;
- (e) Bonds will be prepared in accordance with this regulation and conform as closely as possible to the preferred methods of preparation stated in §1780.94; and
- (f) Closing instructions must be issued by OGC.

§1780.82 [Reserved]

§1780.83 Bond transcript documents

Any questions relating to Agency requirements should be discussed with Agency representatives. Bond counsel or local counsel, as appropriate, must furnish at least two complete sets of the following to the applicant, who will furnish one complete set to the Agency:

- (a) Copies of all organizational documents;
- (b) Copies of general incumbency certificate;
- (c) Certified copies of minutes or excerpts from all meetings of the governing body at which action was taken in connection with the authorizing and issuing of the bonds;
- (d) Certified copies of documents evidencing that the applicant has complied fully with all statutory requirements incident to calling and holding a favorable bond election, if one is necessary;
- (e) Certified copies of the resolutions, ordinances, or other documents such as the bond authorizing resolutions or ordinances and any resolution establishing rates and regulating use of facility, if such documents are not included in the minutes furnished;
- (f) Copies of the official Notice of Sale and the affidavit of publication of the Notice of Sale when State statute requires a public sale;
- (g) Specimen bond, with any attached coupons;
- (h) Attorney's no-litigation certificate;
- (i) Certified copies of resolutions or other documents pertaining to the bond award;
- (j) Any additional or supporting documents required by bond counsel;
- (k) For loans involving multiple advances of Agency loan funds, a preliminary approving opinion of bond counsel (or local counsel if no bond counsel is involved) if a final unqualified opinion cannot be obtained until all funds are advanced. The preliminary opinion for the entire issue shall be delivered at or before the time of the first advance of funds. It will state that the applicant has the legal authority to issue the bonds, construct, operate and maintain the facility, and repay the loan, subject only to changes occurring during the advance of funds, such as litigation resulting from the failure to advance loan funds, and receipt of closing certificates;
- (l) Final unqualified approving opinion of bond counsel, (and preliminary approving opinion, if required) or local counsel if no bond counsel is involved, including an opinion as to whether interest on bonds will be exempt from Federal and State income taxes. With approval of the State program official, a final opinion may be qualified to the extent that litigation is pending relating to Indian claims that may affect title to land or validity of the obligation. It is permissible for such opinion to contain language referring to the last sentence of Section 306 (a)(1) or to Section 309A (h) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926 (a)(1) or 1929a (h)).

§§1780.84 and 1780.86 [Reserved]

§1780.87 Permanent instruments for Agency loans.

Agency loans will be evidenced by an instrument determined legally sufficient and in accordance with the following order of preference:

(a) First preference - Form RD 440-22, "Promissory Note". Refer to paragraph (b) of this section for methods of various frequency payment calculations.

(b) Second preference - single instruments with amortized installments. A single instrument providing for amortized installments which follows Form RD 440-22 as closely as possible. The full amount of the loan must show on the face of the instrument, and there must be provisions for entering the date and amount of each advance on the reverse or an attachment. When principal payments are deferred, the instrument will show that "interest only" is due on interest-only installment dates, rather than specific dollar amounts. The payment period including the "interest only" installment cannot exceed 40 years, the useful life of the facility, or State statute limitations, whichever occurs first. The amortized installment, computed as follows, will be shown as due on installment dates thereafter.

(1) Monthly payments. Multiply by twelve the number of years between the due date of the last interest-only installment and the final installment to determine the number of monthly payments. When there are no interest-only installments, multiply by twelve the number of years over which the loan is amortized. Then multiply the loan amount by the amortization factor and round to the next higher dollar.

(2) Semiannual payments. Multiply by two the number of years between the due date of the last interest-only installment and the due date of the final installment to determine the correct number of semiannual periods. When there are no interest-only installments, multiply by two the number of years over which the loan is amortized. Then multiply the loan amount by the applicable amortization factor.

(3) Annual payments. Subtract the due date of the last interest-only installment from the due date of the final installment to determine the number of annual payments. When there are no interest-only installments, the number of annual payments will equal the number of years over which the loan is amortized. Then multiply the loan amount by the applicable amortization factor and round to the next higher dollar.

(c) Third preference - single instruments with installments of principal plus interest. If a single instrument with amortized installments is not legally permissible, use a single instrument providing for installments of principal plus interest accrued on the principal balance. For bonds with semiannual interest and annual principal, the interest is calculated by multiplying the principal balance times the interest rate and dividing this figure by two. Principal installments are to be scheduled so that total combined interest and principal payments closely approximate amortized payments.

(1) The repayment terms concerning interest only installments described in paragraph (b) of this section apply.

(2) The instrument shall contain in substance provisions indicating:

(i) Principal maturities and due dates;

(ii) Regular payments shall be applied first to interest due through the next principal and interest installment due date and then to principal due in chronological order stipulated in the bond; and

(iii) Payments on delinquent accounts will be applied in the following sequence:

(A) billed delinquent interest;

(B) past due interest installments;

(C) past due principal installments;

(D) interest installment due; and

(E) principal installment due.

(d) Fourth preference - serial bonds with installments of principal plus interest. If instruments described under the first, second, and third preferences are not legally permissible, use serial bonds with a bond or bonds delivered in the amount of each advance. Bonds will be numbered consecutively and delivered in chronological order. Such bonds will conform to the minimum requirements of §1780.94. Provisions for application of payments will be the same as those set forth in paragraph (c)(2)(ii) of this section.

(e) Coupon bonds. Coupon bonds will not be used unless required by State statute. Such bonds will conform to the minimum requirements of §1780.94.

§1780.88 [Reserved]

§1780.89 Multiple advances of Agency funds using permanent instruments.

Where interim financing from commercial sources is not used, Agency loan proceeds will be disbursed on an "as needed by borrower" basis in amounts not to exceed the amount needed during 30-day periods.

§1780.90 Multiple advances of Agency funds using temporary debt instruments.

When none of the instruments described in §1780.87 are legally permissible or practical, a bond anticipation note or similar temporary debt instrument may be used. The debt instrument will provide for multiple advances of Agency funds and will be for the full amount of the Agency loan. The instrument will be prepared by bond counsel, or local counsel if bond counsel is not involved, and approved by the State program official and OGC. At the same time the Agency delivers the last advance, the borrower will deliver the permanent bond instrument and the canceled temporary instrument will be returned to the borrower. The approved debt instrument will show at least the following:

- (a) The date from which each advance will bear interest;
- (b) The interest rate as determined by §1780.13;
- (c) A payment schedule providing for interest on outstanding principal at least annually; and
- (d) A maturity date which shall be no earlier than the anticipated issuance date of the permanent instruments and no longer than the 40-year statutory limit.

§§1780.91 - 1780.93 [Reserved]

§1780.94 Minimum bond specifications.

The provisions of this section are minimum specifications only and must be followed to the extent legally permissible.

- (a) Type and denominations. Bond resolutions or ordinances will provide that the instruments be either a bond representing the total amount of the indebtedness or serial bonds in denominations customarily accepted in municipal financing (ordinarily in multiples of not less than \$1,000). Single bonds may provide for repayment of principal plus interest or amortized installments. Amortized installments are preferred by the Agency.
- (b) Bond registration. Bonds will contain provisions permitting registration for both principal and interest. Bonds purchased by the Agency will be registered in the name of "United States of America" and will remain so registered at all times while the bonds are held or insured by the Government. The Agency address for registration purposes will be that of the Finance Office.

(c) Size and quality. Size of bonds and coupons should conform to standard practice. Paper must be of sufficient quality to prevent deterioration through ordinary handling over the life of the loan.

(d) Date of bond. Bonds will normally be dated as of the day of delivery. However, the borrower may use another date if approved by the Agency. Loan closing is the date of delivery of the bonds or the date of delivery of the first bond when utilizing serial bonds, regardless of the date of delivery of the funds. The date of delivery will be stated in the bond if different from the date of the bond. In all cases, interest will accrue from the date of delivery of the funds.

(e) Payment date. Loan payments will be scheduled to coincide with income availability and be in accordance with State law.

(1) If income is available monthly, monthly payments are recommended unless precluded by State law. If income is available quarterly or otherwise more frequently than annually, payments must be scheduled on such basis. However, if State law only permits principal plus interest (P&I) type bonds, annual or semiannual payments will be used.

(2) The payment schedule will be enumerated in the evidence of debt, or if that is not feasible, in a supplemental agreement.

(3) If feasible, the first payment will be scheduled one full month, or other period, as appropriate, from the date of loan closing or any deferment period. Due dates falling on the 29th, 30th, and 31st day of the month will be avoided. When principal payments are deferred, interest-only payments will be scheduled at least annually.

(f) Extra payments. Extra payments are derived from the sale of basic chattel or real estate security, refund of unused loan funds, cash proceeds of property insurance and similar actions which reduce the value of basic security. At the option of the borrower, regular facility revenue may also be used as extra payments when regular payments are current. Unless otherwise established in the note or bond, extra payments will be applied as follows:

(1) For loans with amortized debt instruments, extra payments will be applied first to interest accrued to the date of receipt of the payment and second to principal.

(2) For loans with debt instruments with P&I installments, the extra payment will be applied to the final unpaid principal installment.

(3) For borrowers with more than one loan, the extra payment will be applied to the account secured by the lowest priority of lien on the property from which the extra payments was obtained. Any balance will be applied to other Agency loans secured by the property from which the extra payment was obtained.

(4) For assessment bonds, see paragraph (k) of this section.

(g) The place of payments on bonds purchased by the Agency will be determined by the Agency.

(h) Redemptions. Bonds will normally contain customary redemption provisions. However, no premium will be charged for early redemption on any bonds held by the Government.

(i) Additional revenue bonds. Parity bonds may be issued to complete the project. Otherwise, parity bonds may not be issued unless acceptable documentation is provided establishing that net revenues for the fiscal year following the year in which such bonds are to be issued will be at least 120 percent of the average annual debt serviced requirements on all bonds outstanding, including the newly-issued bonds. For purposes of this section, net revenues are, unless otherwise defined by State statute, gross revenues less essential operation and maintenance expenses. This limitation may be waived or modified by the written consent of bondholders representing 75 percent of the then-outstanding principal indebtedness. Junior and subordinate bonds may be issued in accordance with the loan resolution.

(j) Precautions. The following types of provisions in debt instruments should be avoided:

(1) Provisions for the holder to manually post each payment to the instrument.

(2) Provisions for returning the permanent or temporary debt instrument to the borrower in order that it, rather than the Agency, may post the date and amount of each advance or repayment on the instrument.

(3) Provisions that amend covenants contained in RUS Bulletins 1780-27 or 1780-28.
[Revision 2, 06/04/99]

(4) Defeasance provisions in loan or bond resolutions. When a bond issue is defeased, a new issue is sold which supersedes the contractual provisions of the prior issue, including the refinancing requirement and any lien on revenues. Since defeasance in effect precludes the Agency from requiring refinancing before the final maturity date, it represents a violation of the statutory refinancing requirement; therefore, it is disallowed. No loan documents shall include a provision of defeasance.

(k) Assessment bonds. When security includes special assessment to be collected over the life of the loan, the instrument should address the method of applying any payments made before they are due. It may be desirable for such payments to be distributed over remaining payments due, rather than to be applied in accordance with normal procedures governing extra payments, so that the account does not become delinquent.

(l) Multiple debt instruments. The following will be adhered to when preparing debt instruments:

(1) When more than one loan type is used in financing a project, each type of loan will be evidenced by a separate debt instrument or series of debt instruments;

(2) Loans obligated in different fiscal years and those obligated with different terms in the same fiscal year will be evidenced by separate debt instruments;

(3) Loans obligated for the same loan type in the same fiscal year with the same term may be combined in the same debt instrument;

(4) Loans obligated in the same fiscal year with different interest rates that will be closed at the same interest rate may be combined in the same debt instrument.

Revision 2

RUS Instruction 1780

§1780.95 Public bidding on bonds.

Bonds offered for public sale shall be offered in accordance with State law and in such a manner to encourage public bidding. The Agency will not submit a bid at the advertised sale unless required by State law, nor will reference to Agency's rates and terms be included. If no acceptable bid is received, the Agency will negotiate the purchase of the bonds.

§§1780.96 - 1780.100 [Reserved]



United States
Department of
Agriculture

Rural
Development

Federal Building
75 High Street, Room 320
Morgantown, WV 26505-7500
Phone (304) 284-4888
FAX (304) 284-4892
TTY/TDD (304) 284-4836

February 22, 2002

Mr. Leff Moore, Chairman
South Putnam Public Service District
P.O. Box 147
Scott Depot, WV 25560

Dear Mr. Moore:

The pre-closing for the PSD's RUS loan will be held on March 5, 2002, at 10:00 A.M. at the PSD's office in Scott Depot, WV. The preconstruction conference will follow at 1:00 P.M. The official loan closing date for the PSD's sewer project will be March 7, 2002.

Reference is made to our Letter of Conditions dated December 26, 2001. All of the requirements of this letter must be met and, in addition, the loan must be closed in accordance with RUS Instruction 1780 and the "Closing Guidelines for Community Facilities Loans to Public Bodies."

Many of the items found in the Letter of Conditions have already been addressed. Those remaining items to be satisfied prior to loan closing include:

1. Evidence of the availability of the loan funds from the West Virginia Department of Environmental Protection should be provided at the pre-closing.
2. The applicable West Virginia Public Service Commission certificates and/or approvals should be provided at the pre-closing.
3. The PSD's attorney will need to provide Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," at the pre-closing showing no exceptions. This form should be dated March 7, 2002.
4. The PSD's attorney must furnish a Form RD 1927-10, "Final Title Opinion," on all land(s) being acquired for the new project, as well as a final title opinion(s) covering all existing property owned by the PSD. The opinion(s) should be dated March 7, 2002.
5. The RUS loan of \$7,078,000 will be closed utilizing an interest rate of 5.0%. This results in payments of \$34,470 a month. The PSD must establish and fund monthly a debt service reserve account that should be held at the West Virginia Municipal Bond Commission. This reserve account must equal 10% of the annual debt service each year until one annual payment, or \$413,640 has been accumulated.

If you have any questions regarding these or any other matters pertaining to your loan, please contact our office at your earliest convenience.

Sincerely,


for JENNY N. PHILLIPS
State Director

cc: Rural Development Manager
ATTN: Rural Development Specialist, RUS
Beckley, WV

Ralph W. Bassett, Jr., CPA
Bassett and Associates
1156 South Main Street
Milton, WV 25541

Howard K. Bell, Consulting Engineers, Inc.
3983 Teays Valley Road, Suite 202
Scott Depot, WV 25560

Randolph Engineering
4414 Teays Valley Road
Scott Depot, WV 25560

John Stump, Esquire
Steptoe and Johnson
Attorneys at Law
P.O. Box 1588
Charleston, WV 253236



United States
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Agriculture

Rural
Development

Federal Building
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Morgantown, WV 26505-7500
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March 5, 2002

COPY

Mr. Leff Moore, Chairman
South Putnam Public Service District
P.O. Box 147
Scott Depot, WV 25560

RE: Amendment No. 1 to
Letter of Conditions

Dear Mr. Moore:

This letter amends the letter of conditions dated December 26, 2001 and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an initial RUS loan in the amount of \$7,078,000, and other funding in the amount of \$1,422,000, for a total project cost of \$8,500,000. The other funding is planned in the form of a loan from West Virginia Division of Environmental Protection's State Revolving Fund.

Subject to the requirements noted herein, all of the conditions of the December 26, 2001 letter of conditions remain in effect and must be satisfied prior to loan and grant closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted.

The conditions referred to above are as follows:

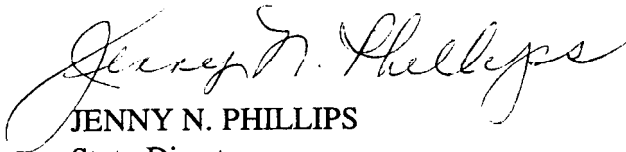
Users - This conditional commitment is based upon you providing evidence that there will be at least 7,413 (7,018 existing and a minimum of 395 new) bona fide users on the proposed system when it has been completed and is placed in operation.

This evidence will consist of one certification from you that identifies and attests to the number of users that are actually connected to the PSD's existing sewer system at the time of loan closing, and a second certification at the time of substantial completion of the project that identifies the total existing and new users. PLEASE NOTE: This section in the December 26, 2001 letter of conditions incorrectly identified EDUs rather than actual users.

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the Public Service District still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If, during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely,


JENNY N. PHILLIPS
State Director

Enclosures

cc: RUS Rural Development Specialist
Beckley, WV

Randolph Engineering
4414 Teays Valley Road
Scott Depot, WV 25560

Ralph W. Bassett, Jr.
Attorney at Law
1156 South Main Street
Milton, WV 25541

✓ Steptoe and Johnson
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Charleston, WV 25326

Howard K. Bell, Consulting Engineers, Inc.
P.O. Box 266
Scott Depot, WV 25560



United States Department of Agriculture
Rural Development

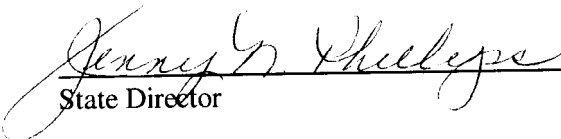
75 High Street, Room 320
Morgantown, WV 26505-7500
(304) 284-4860
FAX (304) 284-4893
TDD (304) 284-5941
(For the Deaf or Hard of Hearing)

March 7, 2002

South Putnam Public Service District
Sewer Revenue Bonds, Series 2002 A
(United States Department of Agriculture) and
Sewer Revenue Bonds, Series 2002 B
(West Virginia SRF Program)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture ("RUS"), the present holder of the entire outstanding aggregate principal amounts of the Prior Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Sewer Revenue Bonds, Series 2002 A (United States Department of Agriculture) (the "Series 2002 A Bonds"), in the original aggregate principal amount of \$7,078,000 and Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program) (the "Series 2002 B Bonds"), in the original aggregate principal amount of \$1,422,000, by South Putnam Public Service District (the "Issuer"), under the terms of the bond resolution authorizing the issuance of the Series 2002 A Bonds and Series 2002 B Bonds (the "Resolution"), on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Sewer Revenue Bonds, Series 1979, dated September 12, 1980, issued in the original aggregate principal amount of \$2,200,000 Sewer Revenue Bonds, Series 1983, dated August 1, 1983, issued in the original aggregate principal amount of \$750,000, and Sewer Revenue Bonds, Series 1995, dated May 2, 1995, issued in the original aggregate principal amount of \$1,300,000 (collectively, the "Prior Bonds"); (ii) waives any requirements imposed by the Prior Bonds or the resolutions authorizing the Prior Bonds (collectively, the "Prior Resolutions"), regarding the issuance of parity bonds which are not met by the Series 2002 A Bonds and Series 2002 B Bonds or the Resolution; and (iii) consents to any and all amendments or modifications to the Prior Resolutions caused by the Issuer authorizing the issuance of the Series 2002 A Bonds and the Series 2002 B Bonds.


State Director

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **March 7, 2002**

Re: **South Putnam Public Service District Sewer Revenue Bonds, Series 2002 A
(United States Department of Agriculture) and Series 2002 B (West Virginia
SRF Fund)**

1. DISBURSEMENTS TO SOUTH PUTNAM PUBLIC SERVICE DISTRICT

- A. Payor: United States of America, Department of Agriculture
 Amount: \$ 327,588.48
 Form: ACH Transfer
 Payee: South Putnam Public Service District
 Bank: Putnam County Bank
 Routing #: 051-502858
 Account #: 25-0402-6
 Contact: Jerry Brown, Assistant Vice President
 (304) 562-9931
 Account: South Putnam Public Service District Series 2002 Bonds Construction
 Account
- B. Payor: West Virginia Department of Environmental Protection, SRF Program
 Amount: \$852,695
 Form: Check
 Payee: South Putnam Public Service District
 Account: South Putnam Public Service District Series 2002 Bonds Construction
 Account

State of West Virginia
WATER DEVELOPMENT AUTHORITY
 180 Association Drive, Charleston, WV 25311-1217
 (304) 558-3612 - (304) 558-0299 (Fax)
 Internet: www.wvwda.org - Email: contact@wvwda.org

PRECLOSING ATTENDANCE LIST

Date March 5, 2002 Time 1:30 LGA South Putnam PSD Program CWSRF/RUS

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
<i>Robert Broderick</i>	<i>WV DEP</i>	<i>558-0637</i>	<i>558-3778</i>	<i>rbroderick@wvdep.gov</i>
<i>John Stump</i>	<i>Stump + Johnson PLLC</i>	<i>353-8196</i>	<i>353-8181</i>	<i>stump@stump-johnson.com</i>
<i>Barbara Meadows</i>	<i>WV WDA</i>	<i>558-3612</i>	<i>558-0229</i>	<i>broderick@wvwda.org</i>
<i>Douglas A. Olds</i>	<i>WV WDA</i>	<i>558-3612</i>	<i>558-0229</i>	<i>dolds@wvwda.org</i>
<i>Shirley L. Bee</i>	<i>Jackson Kelly PLLC</i>	<i>340-1318</i>	<i>340-1088</i>	<i>sgor@jacksonkelly.com</i>
<i>Bernie Yonkosky</i>	<i>WV WDA</i>	<i>558-3612</i>	<i>558-0299</i>	<i>yonkosky@wvwda.org</i>

The Authority requests that the following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (If that individual is in attendance, he/she should also sign above.) Please Print:

Name Fred Stump Telephone 304-757-6551 E-Mail stump@wvwda.com
 Address P.O. Box 147, Scott Depot WV 25560

REMINER: As a participant in this program, the Local Governmental Agency (LGA) agrees and is required to submit annually to the WDA a copy of its audited financial statements and a copy of its adopted budget. Also, pursuant to the Loan Agreement and the NonArbitrage Certificate (both of which are contained in the bond transcript) you are to provide annually to the WDA a rebate calculation certificate or an exception opinion showing whether a rebate amount is due to the US Government under arbitrage requirements in Section 148(f) of the US Internal Revenue Code, 1986, as amended.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002 A
(United States Department of Agriculture)

RECEIPT OF DEPOSITORY BANK

I, Jerry Brown, the undersigned duly authorized representative of the Putnam County Bank, Hurricane, West Virginia (the "Bank"), hereby certify that on March 7, 2002, the Bank received an automated clearinghouse transfer in the amount of \$327,588.48 to the credit of the South Putnam Public Service District, Sewerage System Construction Account, Account Number 25-0402-6.

WITNESS my signature on this 7th day of March, 2002.

PUTNAM COUNTY BANK



Authorized Officer

02/14/02
847280.00001

AGREEMENT

This AGREEMENT Made this 22nd day of June, 2001, by and between the TOWN OF ELEANOR, a municipal corporation, hereinafter designated as TOWN, the SANITATION BOARD OF THE TOWN OF ELEANOR, hereinafter designated as BOARD, and the SOUTH PUTNAM PUBLIC SERVICE DISTRICT, a public corporation of the State of West Virginia, hereinafter designated as DISTRICT:

WITNESSETH:

WHEREAS, the TOWN owns and the BOARD is responsible for the operation of a wastewater treatment plant ("Plant"); and,

WHEREAS, the DISTRICT is planning to construct a sanitary sewer collection system on the north side of the Kanawha River within the DISTRICT'S territory, as described in the orders of the Putnam County Commission, and to apply certain rates and charges for the sale of its services to its customers throughout the DISTRICT'S territory, including those on the north side of the Kanawha River; and,

WHEREAS, the TOWN and the BOARD agree to reserve an adequate portion of the design capacity of the Plant for use by the DISTRICT, subject to the terms set forth herein; and,

WHEREAS, the DISTRICT desires to connect to the Plant and to be provided with secondary, or higher grade when required, treatment of wastewater delivered to the Plant by the DISTRICT; and,

NOW, THEREFORE, in consideration of the recitals, the parties do hereby agree as follows:

1. The DISTRICT shall design and cause to be constructed, at its sole cost, a sanitary sewer collection system meeting generally accepted sanitary engineering standards which will collect sewage from the DISTRICT'S territory to be transported to the Plant, with construction contingent upon the availability of loan or grant financing for such construction from federal, state and/or county agencies upon such terms that the District, in its sole discretion,

finds acceptable.

2. The TOWN and the BOARD shall receive, treat and dispose of the DISTRICT's wastewater. The BOARD shall maintain responsibility for discharge of treated wastewater in accordance with State and Federal laws and regulations; the DISTRICT shall not be liable for fines or penalties as a result of discharge violations resulting from improper operation of the Plant; however, the DISTRICT shall be liable for any fine and/or penalty incurred as a result of discharge violations occurring at the Plant that are a direct result of the introduction of prohibited materials into the DISTRICT'S collection system.

3. The initial fee for treatment of the DISTRICT'S wastewater is hereby established as **\$1.35 per 1,000 gallons** of flow. The rate contained herein is to be based upon flow metered at a point of delivery from the DISTRICT'S facilities to the BOARD'S treatment plant, or at a location mutually agreed to by the parties hereto. The parties hereto agree that the aforesaid fee has been mutually agreed to prior to any treatment and disposal of the DISTRICT'S wastewater. This fee may be changed from time to time by execution of an addendum or amendment by all parties to this agreement. In the event the parties fail to agree to a change in fee, any party may file a formal case with the Public Service Commission of West Virginia for determination of an appropriate fee.

4. The cost of the metering facilities shall be at the sole cost to the DISTRICT in a manner and with equipment satisfactory to the BOARD. In the event of a malfunction of the meter, the charge to the DISTRICT for treatment by the BOARD shall be based on comparable historical usage adjusted by any change in customers.

5. If the BOARD and the TOWN, in their discretion, determine that the NPDES permit needs to be modified in order for the TOWN and the BOARD to lawfully accept, treat, and discharge the wastewater from the DISTRICT as provided herein, the DISTRICT will be

responsible for paying the direct costs of obtaining a modification to the NPDES permit. This paragraph does not obligate the DISTRICT to pay for any upgrades, repairs or replacements to the existing facilities at the Plant or in the wastewater collection and transportation facilities of the TOWN and the BOARD.

6. The DISTRICT shall submit to the BOARD one (1) copy of the DISTRICT'S construction plans and specifications to allow the BOARD sufficient time to review and approve the documents or allow for comments to be resolved.

7. The BOARD shall have the right to perform on-site inspections of the construction process and/or shall be part of the inspector qualification process, before construction begins on the portion of the DISTRICT'S collection system which will send wastewater to the Plant.

8. Within sixty (60) days after completion of construction, the DISTRICT shall provide to the BOARD one (1) set of "As-Built" plans and all records of "Hook-Ons."

9. The DISTRICT shall be responsible for the performance of service, maintenance, and repairs on and for the DISTRICT'S sanitary sewer collection and transmission system.

10. The DISTRICT shall be responsible for the inspection of the installation of all service lines which will connect to the DISTRICT'S sanitary sewer collection system to ensure that such service lines do not permit substantial inflow and infiltration. The DISTRICT may make extensions to serve new customers, consistent with the Rules for the Government of Sewer Utilities, 150 WVCSR Series 5, and decisions of the Public Service Commission of West Virginia and the Supreme Court of Appeals of West Virginia.

11. The DISTRICT agrees that in the event of the connection of an industrial or commercial customer with unusual waste discharge, it shall undertake an evaluation of the

connection on a case-by-case basis, to determine what requirements, if any, shall be imposed to insure the integrity of the DISTRICT'S system and the BOARD's plant. Such evaluation shall determine the appropriate rates or fees the DISTRICT will charge for such unusual waste and the extent of any pretreatment requirements to be followed by the customer. Such evaluation shall be approved by the BOARD. The DISTRICT shall be responsible for maintaining compliance with any pretreatment requirements.

12 The BOARD shall invoice the DISTRICT for all services on a monthly basis and the DISTRICT shall pay such invoices within twenty (20) days of receipt.

13. The fees and charges made to the DISTRICT by the BOARD for providing the agreed upon services may be modified by agreement from time to time with the objective that the BOARD will receive fair compensation for providing said services and that no party will subsidize any other's capital or operation expenses. The intent of this Agreement is that all parties shall benefit.

14. The parties hereto shall, upon request, provide each other with financial reports and related information as may be required.

15. The parties hereto shall meet, at least annually, and as otherwise needed at a mutually agreed upon time and location, to discuss business, rates, communications, complaints, suggestions, etc., between the parties.

16. This Agreement represents the entire understanding of the parties and supercedes all written or oral representations made by any of the parties. This Agreement may only be modified by the parties by written execution by all of the parties of an amendment or addendum.

17. This Agreement is made by the parties hereto subject to the review and approval of the Public Service Commission of West Virginia and likewise all modifications made to this Agreement and pursuant to its terms shall be subject to the same review and approval.

18. The length and duration of this Agreement and any amendments or addendum to this Agreement shall be for a period of forty (40) years from the date of this Agreement.

IN WITNESS WHEREOF, the parties hereto have made and executed this Agreement by their appropriate officers as of the day and year first above written.

ATTEST:

Paul E. Rogers, Sr

TOWN OF ELEANOR

BY Walter F. Halsted
MAYOR

ATTEST:

Paul E. Rogers, Sr

SANITATION BOARD OF THE TOWN OF
ELEANOR

BY Walter F. Halsted
CHAIRMAN

ATTEST:

Ramularte

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

BY Carl S. Coffman, Jr
CHAIRMAN

soput/eleanor/agree

CERTIFICATE OF LIABILITY INSURANCE (LG)

PAGE 1 OF 3

STATE OF WEST VIRGINIA

**NATIONAL UNION FIRE INSURANCE CO.
OF PITTSBURGH, PA. 70 PINE STREET
NEW YORK, NY 10270**

ADDITIONAL INSURED:

RETRO: 01/01/2002

**SOUTH PUTNAM PSD
PO BOX 147
SCOTT DEPOT, WV 25560**

CERTIFICATE NO: L 900002676 - Jan 1, 2002

This certifies that the insured named above is an Additional Insured for the coverage indicated below under General Liability Policy GL 6124596 and Automobile Policy CA 5348561 issued to the State of West Virginia by NATIONAL UNION FIRE INSURANCE CO. OF PITTSBURGH, PA.

This certificate presents a summary of coverage. The policies may be inspected at the office of the Board of Risk and Insurance Management, 4501 MacCorkle Avenue, SW, South Charleston, WV 25309 during its regular business hours. Reproduction of the policies shall be at cost.

COVERAGE PERIOD

From: Jan 1, 2002 To: Jul 1, 2002 12:01 Eastern Standard Time.

COVERAGE AFFORDED

The Additional Insured is insured for the following coverages:

**Comprehensive General Liability Insurance
Personal Injury Liability Insurance
Professional Liability Insurance
Stop Gap Liability Insurance - *Workers Comp.*
Wrongful Act Liability Insurance
Comprehensive Auto Liability Insurance
Auto Physical Damage Insurance, including comprehensive
and collision, and
Garagekeepers Insurance**

LIMITS OF LIABILITY

EACH OCCURRENCE.

\$1,000,000 each occurrence for all coverage combined. This limit is not increased if a claim is insured under more than one coverage or if claim is made against more than one insured.

CERTIFICATE No: L 900002676 - Jan 1, 2002
SOUTH PUTNAM PSD

PAGE 2 OF 3

SPECIAL LIMITS.

The auto physical damage limit is the actual cash value of each vehicle subject to a deductible of \$500 for private passenger vehicles or \$1,000 for other vehicle types including mobile equipment.

DEFENSE COSTS.

Defense costs are in addition to the each occurrence limit of liability.

NOTICE OF CLAIM

All notice of claim should be sent to:

Claim Manager
West Virginia Board of Risk and Insurance Management
4501 MacCorkle Avenue S.W.
300 Shannon's Building
South Charleston, West Virginia 25309
(304) 766-2646, (800) 345-4669 FAX: (304) 766-2653

OTHER PROVISIONS

SUBJECT TO POLICY TERMS.

The insurance evidenced by this Certificate is subject to all of the terms, conditions, exclusions and definitions in the policies.

OTHER INSURED.

The members of the governing body of the Additional Insured named above, its elected or appointed officials, executive officers, directors, commissioners, board members, volunteer workers, student teachers, and employees are also insureds under the policies while acting within the scope of their duties as such.

STATUTORY IMMUNITIES.

It is a condition precedent of coverage under the policies that the Additional Insured does not waive any statutory or common law immunity conferred upon it.

EXCESS COVERAGE.

If the Additional Insured has other primary insurance for the hazards covered by the above policies, the coverage afforded by this certificate does not apply to losses occurring before the expiration or termination date of the other insurance except to the extent that the amount of loss exceeds the limit of liability of the other insurance, but then only for an amount not exceeding the difference between \$1,000,000 and the limit of liability of the other insurance.

CERTIFICATE NO: L 900002676 - Jan 1, 2002
SOUTH PUTNAM PSD

PAGE 3 OF 2

PRIOR CLAIMS MADE COVERAGE.

As the insurance under this Certificate renews certain liability coverages previously insured on a claims made policy form, the insurance under this Certificate shall apply to a claim or loss reported during the Certificate Coverage Period that occurred prior to the effective date of the Certificate if the claim or loss would have been covered by the prior claims made policy provided that the claim or loss is also within the scope of coverage afforded by the policy issued to the State of West Virginia and not excluded therein. However, in no event shall coverage apply to a claim or loss occurring prior to the RETRO DATE, if any, stated below.

RETRO DATE: 01/01/2002

BY: _____

Bill A. Mott
AUTHORIZED REPRESENTATIVE

DATED: January 9, 2002

STATE OF WEST VIRGINIA .P4)

PAGE 1 OF 3

**MEMORANDUM OF PROPERTY INSURANCE
PROVIDED BY
STATE BOARD OF RISK AND INSURANCE MANAGEMENT**

NAME OF INSURED: SOUTH PUTNAM F&D

PO BOX 147
SCOTT DEPOT, WV 25560

MEMORANDUM NO: P 900002676 - Jan 1, 2002

COVERAGE PERIOD: From Jan 1, 2002 To Jul 1, 2002 12:01 E.S.T.

DEDUCTIBLE: \$1,000 Each Occurrence

This memorandum presents a summary of coverage only and is subject to the terms, conditions and exclusions of the entire policy. The policy may be inspected at the office of The Board of Risk and Insurance Management, 4501 MacCorkle Avenue, SW, South Charleston, WV 25309 during its regular business hours. Reproduction of the policy shall be at cost.

1. **AMOUNT OF COVERAGE.** Subject to the limitations that follow the maximum amount payable for a covered loss is \$201,000,000 each occurrence.

a. **Fidelity Honest Bond.** The maximum amount payable is \$2,000,000. ✓

b. **Money and Securities.** The maximum amount payable is \$1,500,000.

c. **Vehicles and mobile equipment.** The maximum amount payable is \$7,000,000 and applies in excess of the amount recoverable under the physical damage coverage included in the liability certificate. ✓

d. **Boiler and Machinery.** The maximum amount payable is \$7,000,000.

2. **PROPERTY COVERED.**

a. **All real and personal property owned by the Insured, except as stated in item 3 below.** ✓

b. **Property of others in the Insured's custody, if the Insured is legally responsible for the loss.**

c. **When resulting from damage to Insured-owned property:**

(1) **The cost to recreate valuable papers and records.**

(2) **The increase in operating expenses required to continue operations.**

MEMORANDUM NO: P 9000L 176 - Jan 1, 2002
SOUTH PUTNAM PSD

PAGE 2 OF 3

3. PROPERTY EXCLUDED:

- a. Aircraft.
- b. Roads, bridges, tunnels, dams, guard rails, outdoor signs and similar property.
- c. Buildings in the course of construction.
- d. Plants and animals.

4. PERILS COVERED:

Coverage applies to losses from any cause, except as stated in item 5 below.

5. PERILS NOT COVERED:

- a. Nuclear contamination.
- b. Wear and tear, rust, dryrot and similar degenerative causes.
- c. Pollution and contamination
- d. Earth movement and flood.
- e. Failure of data processing or other equipment or machinery to recognize a specific date.

6. AMOUNT PAYABLE FOR COVERED LOSSES:

- a. **Artwork.** The amount for which the item is carried on the Insured's books.
 - b. **Vehicles and mobile equipment.** The actual cash value of the vehicle.
 - c. **Valuable Papers.** The cost to duplicate the papers, including the cost of research time necessary to gather required information.
 - d. **Extra Expense.** The increase in operating expense necessarily incurred to continue normal operations.
 - e. **Income.** The loss of income that would have been received had no loss occurred, less expenses that will not continue.
 - f. **Other Property.** The replacement cost of the damaged or destroyed property.
-

MEMORANDUM NO: P 9000L J76 - Jan 1, 2002
SOUTH PUTNAM PSD

PAGE 3 OF 3

7. DEFINITIONS:

- a. **Occurrence.** The term "occurrence" means the total loss by any peril or combination of perils insured against arising out of a single event.
- b. **Replacement Cost.** The term "replacement cost" means the cost to replace or reinstate the property, or any part or parts thereof, on the same site in a condition equal to, but not superior to or more extensive than, the condition when new.

8. CONDITIONS UNDER WHICH COVERAGE IS PROVIDED:

- a. The building and its contents must have been reported to the Board.
- b. The loss must be promptly reported to the Board on "Insurance Loss Notice" form provided by the claim department, and mailed to the location shown in item 9 below.

9. QUESTIONS AND LOSS REPORTING:

If there are any questions or to report a loss, contact:

Claim Manager
West Virginia Board of Risk and Insurance Management
4501 MacCorkle Avenue S.W.
308 Shannon's Building
South Charleston, West Virginia 25309

Phone: (304) 766-2646
(800) 345-4669
FAX: (304) 766-2653

DATE: January 9, 2002

BY:

Bill A. Miller
AUTHORIZED REPRESENTATIVE